BC Housing Annual Report

2013/14

BRITISH COLUMBIA

BC Housing

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Joint Message from the Chair and Chief Executive Officer

Overview of the year

It is a pleasure to submit BC Housing's Annual Report for the fiscal year 2013/14.

This past fiscal year, BC Housing delivered a range of programs and services through effective partnerships in communities across British Columbia. This includes over 800 housing providers and more than 99,780 households in 200 communities being assisted through subsidized housing, an increase of over one thousand from last year. As well, in 2013/14 over 28,160 low-income households were receiving rental assistance in the private housing market through rental assistance programs like the *Shelter Aid for Elderly Renters* and *Rental Assistance Program*.

As of the end of 2013/14, our annual revenue totaled $610.2 million, of which over 60 per cent came from the Province. As of the fiscal year end, our revenue and expenditures were 7.1 per cent lower than the previous fiscal year due to changes in provincial contributions, federal contributions and other revenues.

In March we celebrated the tenth anniversary of our popular *Building Smart* seminars. From building code changes to green technology, this Homeowner Protection Office seminar series has helped keep up to date some 25,000 professionals in the residential construction industry across the province.

With our strong commitment to good governance practices, we were pleased to welcome two additional members to our Board of Commissioners in January 2014. The additional skills and knowledge strengthens the governance oversight capacity of our board and supports our practice of continuously improving and strengthening BC Housing at all levels.

Performance outcomes

This past year we achieved all twelve of our performance targets. This accomplishment reflects our focus on delivering client-centered programs and initiatives and the importance of strong partnerships to deliver on our strategic priorities.

Breaking the cycle of homelessness remained a significant focus. In 2013/14, we connected 6,770 homeless people to housing through the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* and gateway services offered through the *Emergency Shelter Program*. As well, we saw a significant improvement in the outcomes of these programs as evidenced by a significant increase in the percentage of once homeless individuals who remained housed after benefitting from these programs.

This fiscal year we surpassed our target for new housing units by creating over 1,550 units of affordable housing in 21 communities across the province, including 481 units under the *Community Partnership Initiatives*, 56 units under the *Canada/BC Investment in Affordable Housing* and 480 units through our *Memoranda of Understanding* with local governments.

Through the multi-year building upgrades and energy program conducted under our *Housing Renovation Partnership* program and successful implementation of higher efficiency technologies in our buildings, we progressed in reducing greenhouse gas (GHG) emissions and maintaining a carbon neutral status as required by the *Greenhouse Gas Reductions Target Act*. Our total GHG emissions related to energy use for heating and electricity in all buildings owned or leased by BC Housing were reduced by six per cent since 2011, exceeding our target of 10 per cent.

Annually we ask British Columbia's residential homebuilders to rate the effectiveness of our efforts to monitor and enforce requirements as described in the *Homeowner Protection Act*. The survey results exceeded our expectations with 85 per cent of respondents rating us as "effective" or "very effective".

As described in our 2014/15 Service Plan, our performance measurement framework has been simplified for the 2014/15 fiscal year. To provide a greater focus on key areas of performance and a stronger alignment of strategies and initiatives, our Board of Commissioners reviewed and recommended a revised planning framework. Our Annual Report for the 2014/15 reporting period will describe our performance within the context of this new framework.

Major initiatives

In 2013/14 we saw significant progress in the implementation of the *Single Room Occupancy Renewal Initiative* (SRI) – a public-private partnership, which includes the City of Vancouver, to renovate and revitalize 13 provincially owned single room occupancy hotels in Vancouver's Downtown Eastside. The SRI provides access to clean and safe social housing for this neighbourhood's low-income residents.

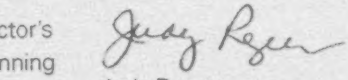
With our *Home Adaptations for Independence* program we were able to adapt 355 homes to allow seniors and people with disabilities or diminished abilities to continue to live in the comfort of their home.

Risks and opportunities

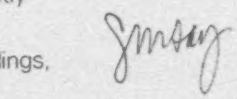
A key risk that we continue to monitor and to develop responses is about the potential loss of affordable housing stock in British Columbia. This potential loss stems from the expiry of operating agreements and also through the aging of the buildings themselves. Together with the BC Non-Profit Housing Association, we collaborated on several initiatives to mitigate the loss of affordable housing stock due to these risk factors. This partnership included initiatives to support the non-profit housing sector's capacity in the areas of capital planning and energy management.

Additionally, we also worked directly with societies wishing to explore future options for their aging buildings, including opportunities to create self-sustaining affordable housing developments like those available though the *Community Partnership Initiatives* program.

In February 2014, the government of British Columbia updated its housing strategy, *Housing Matters BC*. BC Housing is a major contributor to the realization of this strategy and we look forward to building on the strength of our partnerships and services to continue to serve the affordable housing needs of British Columbians.



Judy Rogers
Chair



Shayne Ramsay
Chief Executive Officer

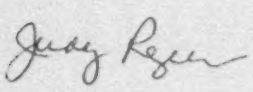
About this Annual Report

The 2013/14 BC Housing Annual Report was prepared under the Board of Commissioner's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of BC Housing for the twelve months ended March 31, 2014 in relation to the Service Plan published in February 2013.

The Board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of March 31, 2014 have been considered in preparing the report. The report contains estimates and interpretive information that represents the best judgment of management. Any changes in mandate direction, goals, strategies, measures or targets made since the 2013/14 – 2015/16 Service Plan was released and any significant limitations in the reliability of data are identified in the report.



Judy Rogers
Chair

Our Strategic Framework

Mandate, Vision and Values

Our mandate is to fulfill the provincial government's commitment to the development, management and administration of subsidized housing as set out in the Government's Letter of Expectations and as reflected in an Order-in-Council under the *Ministry of Lands, Parks and Housing Act* which established the British Columbia Housing Management Commission (BC Housing) in 1967. Our mandate also includes responsibilities for the administration of the *Homeowner Protection Act*, which entails strengthening consumer protection for buyers of new homes and helping bring about improvements to the quality of residential construction.

Our vision is housing solutions for healthier futures.

Our values are integrity, respect, commitment, service and accountability.

Housing Matters BC – A Housing Strategy for British Columbia

Housing Matters BC is the provincial housing strategy which affirms the government's commitment to supporting those in greatest need. BC Housing implements portions of *Housing Matters BC* by building on our foundation of successful programs along the housing continuum and by continuing to work with the Ministry's Housing Policy Branch to address the changing needs of low- and moderate-income households.

This provincial housing strategy was first announced in 2006 and contained the six goals described below. It is within the context of this original strategy that this Annual Report describes BC Housing's contributions to supporting the government's direction.

1. The homeless have access to stable housing with integrated support services
2. B.C.'s most vulnerable citizens receive priority for assistance
3. Aboriginal housing need is addressed
4. Low-income households have improved access to affordable rental housing
5. Homeownership is supported as an avenue to self-sufficiency
6. B.C.'s housing and building regulatory system is safe, stable and efficient

In February 2014 a refreshed strategy was released and is reflected in our 2014/15 Service Plan. For more information on the refreshed strategy go to www.housingmattersbc.ca.

The Government's Letter of Expectations

The Government's Letter of Expectations (GLE) describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The GLE ensures a mutual understanding between the shareholder and BC Housing on governance issues, corporate mandate, core services, public policy issues, strategic priorities and performance expectations.

BC Housing's core business areas and services are aligned to fulfill its mandate, government's expectations and policy directions under *Housing Matters BC*. The chart below summarizes key directions established in BC Housing's GLE and key accomplishments for 2013/14.

GLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
Work with the Ministry Responsible for Housing to address critical gaps through a variety of partnerships that integrate new housing options and improve access to housing and support services	• Completed 480 units across the province with over 600 units under development for individuals who are homeless or at risk of homelessness through *Memoranda of Understanding* agreements with local governments • Completed the first year of renovations on six of 13 provincially owned single room occupancy hotels in Vancouver's Downtown Eastside to provide access to clean and safe social housing through a public-private partnership. Full completion is expected in 2016 • Connected 6,770 homeless people to housing through the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* and gateway services offered through the *Emergency Shelter Program* • Created 481 new units of affordable housing for a range of groups under *Community Partnership Initiatives* • Created 56 units through the *Canada/BC Investment in Affordable Housing* (IAH) Agreement and an additional 151 units under various programs for families and individuals in need
Support a strong non-profit housing sector by taking steps to strengthen relationships and build capacity	• Continued to work with BC Non-Profit Housing Association (BCNPHA) to carry out research and to develop tools and strategies that will enable non-profit housing operators to make successful transitions at the end of their operating agreements

GLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
Support a strong non-profit housing sector by taking steps to strengthen relationships and build capacity *(Continued)*	• Provided funds to enable housing providers to complete small-scale energy saving retrofits in partnership with BCNPHA, BC Hydro and FortisBC • Developed a capital planning initiative for housing providers in partnership with BCNPHA
Work with industry to protect consumers and professionalize the residential construction industry by taking further steps towards the introduction of education and training qualifications for licensed residential builders	• Appointed two additional members to the Board of Commissioners to strengthen governance and oversight • Participated in quarterly meetings with ministry counterparts
Promote strategic partnerships and alliances that work to further the availability of affordable market housing	• Provided 27,866 families and seniors with rent assistance in the private market through the *Rental Assistance Program* and the *Shelter Aid for Elderly Renters* program since the programs began • Adapted 355 homes to allow seniors and people with disabilities or diminished abilities to continue to live in the comfort of their home through the *Home Adaptations for Independence* program

ENVIRONMENTAL SUSTAINABILITY

BC Housing's sustainability strategy, called *livegreen: Housing Sustainability Plan* recognizes the significant role that we can play to promote sustainability in our activities and more broadly within the housing sector. We accomplish this through action in three areas:

- Integrated Decisions – integrating financial, social and environmental considerations in decision making
- Housing Excellence – striving towards innovation in design, construction and management of housing
- Change Agent – guiding and supporting others in taking actions towards sustainability

The *livegreen* plan is aligned with the Province's Climate Action Plan to reduce greenhouse gas emissions and our carbon footprint, and to become carbon neutral. Leadership in sustainability is also described in our 2013/14 Service Plan. We report our performance through the "Reduction in Greenhouse Gas Emissions" performance measure in our Annual Report.

Our significant reduction in greenhouse gas emissions in public housing buildings and offices contributed to BC Housing remaining carbon neutral in 2013. Please visit www.bchousing.org/Initiatives/Sustainability to view the *livegreen* plan.

livegreen

Serving British Columbians

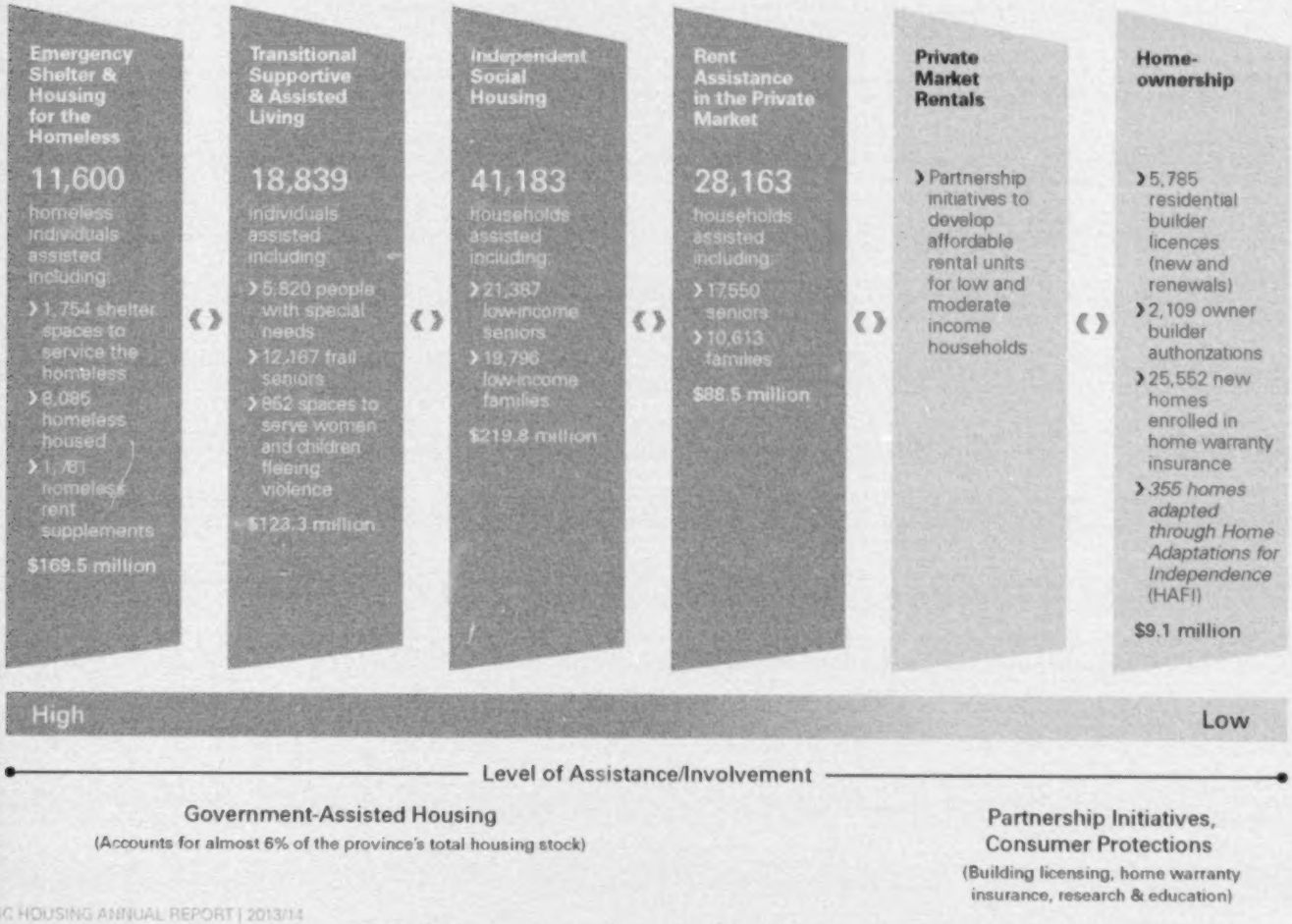
BC Housing's Role in the Housing Continuum

The housing continuum illustrates the full range of possible housing alternatives. A portion of the continuum (around six per cent of the total housing stock in the province) is government assisted housing with varying levels of support services provided. The majority of housing (around 94 per cent) is in the private market.

BC Housing's role is to assist British Columbians in greatest need of affordable and appropriate housing by providing options along the housing continuum. To develop a range of housing options for those who are vulnerable, BC Housing works in partnership with the private and non-profit sectors, provincial health authorities and ministries, other levels of government and community groups. Our partners have the expertise to identify the appropriate housing needs of their client groups and to deliver the support services needed for successful tenancies.

Through responsibilities under the *Homeowner Protection Act,* BC Housing also plays an important role in the private housing market by licensing residential builders, administering owner builder authorizations, overseeing the third-party home warranty insurance system and carrying out research and education to improve the quality of construction of new homes.

The diagram below illustrates the housing continuum in the province and BC Housing's contribution to it.


Emergency Shelter & Housing for the Homeless
11,600
homeless individuals assisted including:
› 1,754 shelter spaces to service the homeless
› 8,085 homeless housed
› 1,781 homeless rent supplements
$169.5 million
Transitional Supportive & Assisted Living
18,839
individuals assisted including:
› 5,820 people with special needs
› 12,167 frail seniors
› 852 spaces to serve women and children fleeing violence
$123.3 million
Independent Social Housing
41,183
households assisted including:
› 21,387 low-income seniors
› 19,796 low-income families
$219.8 million
Rent Assistance in the Private Market
28,163
households assisted including:
› 17,550 seniors
› 10,613 families
$88.5 million
Private Market Rentals
› Partnership initiatives to develop affordable rental units for low and moderate income households
Home-ownership
› 5,785 residential builder licences (new and renewals)
› 2,109 owner builder authorizations
› 25,552 new homes enrolled in home warranty insurance
› 355 homes adapted through Home Adaptations for Independence (HAFI)
$9.1 million
High
Low
Level of Assistance/Involvement
Government-Assisted Housing
(Accounts for almost 6% of the province's total housing stock)
Partnership Initiatives, Consumer Protections
(Building licensing, home warranty insurance, research & education)

Government-assisted Housing

This housing ranges from emergency shelter through to rent assistance in the private market. In partnership with some 800 housing providers – mostly non-profit and housing co-operatives – 99,785 households in 200 communities were assisted through subsidized housing in 2013/14. The level of support service provided ranges from high to low depending on the needs of the clients served, as described below.

Emergency Shelter and Housing for the Homeless

Homelessness is a concern for many communities throughout B.C. This section of the continuum serves people who are homeless, or at risk of homelessness, and require housing with integrated supports. It is estimated that the cost of homelessness to the health, social, and justice systems to be over $55,000 per person per year (Centre for Applied Research in Mental Health & Addiction, Simon Fraser University).

Challenges to finding appropriate housing for people who are homeless are multi-faceted. They may be housing-related, such as affordability, availability or suitability, or a combination of life events, including disabilities, health and mental health issues, addictions, social exclusion, joblessness, inadequate access by refugee claimants to settlement services or a breakdown of relationships.

Transitional Supportive and Assisted Living

This part of the continuum serves three major tenant groups: women and children fleeing violence, individuals with special needs and frail seniors.

Transitional housing is an interim step towards a longer-term housing solution such as women and children fleeing domestic violence. Women and children fleeing violent relationships require immediate access to safety, shelter, food, crisis intervention and social service referrals. Women without legal status in Canada are eligible for all *Women's Transition Housing and Supports Programs* funded by BC Housing. In 2011, there were approximately 25,300 incidents of violence against women in B.C.

Supportive and assisted living is available for those in need of additional supportive services that include the provision of on- or off-site support services. People who require special needs housing include those living with severe physical disabilities or mobility issues, developmental disabilities, chronic mental illness, those living with HIV/AIDS, and drug and alcohol dependencies. Frail seniors and individuals with special needs require a range of support services to help them have more stable lives, and supportive housing allows them to live independently. Additionally programs are in place to help clients move towards independence and self-sufficiency, where possible, while ensuring that adequate supports are in place.

It is anticipated that the population of seniors will increase from 16 per cent of B.C.'s population in 2013 to 25 per cent in 2036. The age 80+ senior population (frail seniors) will grow from four per cent in 2009 to seven per cent in 2036 (BC Stats, 2012). Some of the senior demographic will have low incomes, which will increase demand for social housing.

Independent Social Housing

In B.C. the majority of government-assisted housing is provided through independent social housing. Independent social housing typically does not require additional support services for tenants, although many housing providers are noting greater support needs among their tenants.

Rent Assistance in the Private Market

Rent assistance programs maximize the availability of existing rental units within the private market, which in turn provides options for those seeking housing. Rent assistance programs such as *Rental Assistance Program* and *Shelter Aid For Elderly Renters* support people to remain in their current communities while maintaining independence.

Private Market Housing

The majority of British Columbians are housed successfully in the private housing market. However, households spending 50 per cent or more of their income on rent for adequate housing are considered to be in highest need and at risk of economic eviction or homelessness. According to the National Housing Survey (2011) there are 70,080 households in B.C. that are unable to find suitable housing in the private market.

Private Market Rentals

Developments that provide affordable housing units within the private market may have either all or a portion of the available units priced at or below market rent levels, often referred to as "low-end-of-market rent". Similar to provincially funded rent assistance in the private market, below-market rentals provide more housing options for low- to moderate-income households.

Homeownership

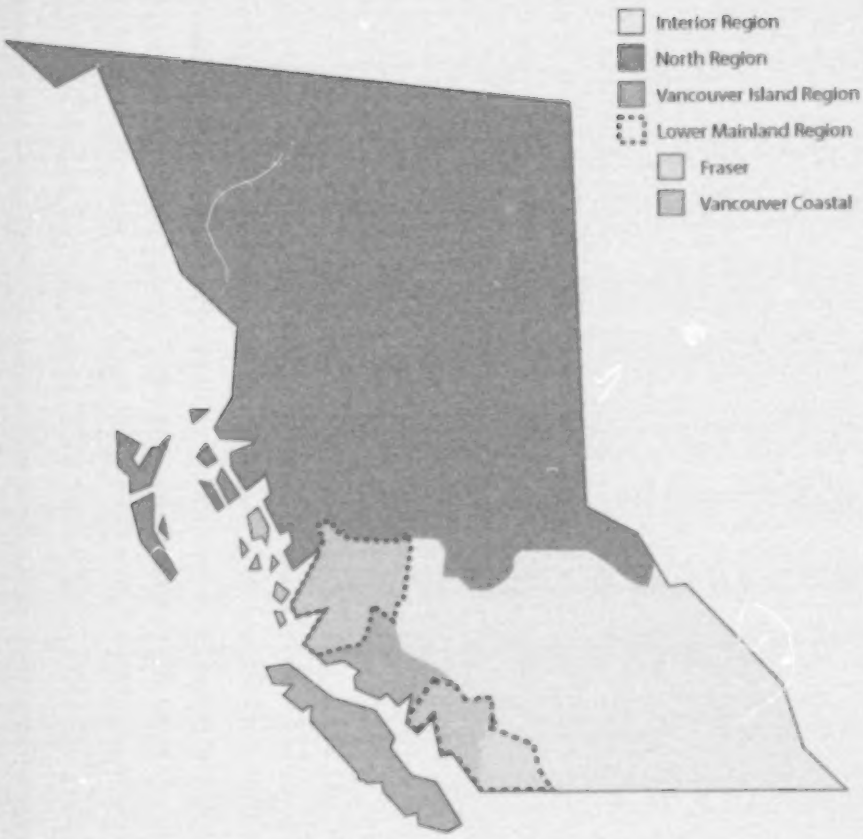
Our primary role with respect to this part of the housing continuum is through the *Homeowner Protection Act* whereby we license residential builders, ensure that new homes are enrolled in home warranty insurance, and administer owner-builder authorizations. Additionally we focus on enhancing consumer protection through overseeing the third-party home warranty insurance system and carrying out strategic research and education initiatives to improve the construction quality of new homes.

BC Housing also administers the *Home Adaptations for Independence* program to help low-income seniors and people with disabilities finance home modifications for accessible, safe and independent living.

Aboriginal Individuals and Families

Aboriginal people tend to be over represented in housing need categories across the continuum. The 2011 Census identified that Aboriginal households represented 5.4 per cent of all B.C. households. The 2011 Census identified that 48.4 per cent of off-reserve Aboriginal households were spending 30 per cent or more on shelter costs. Aboriginal people are also over represented among those who are homeless or at risk of homelessness. For example, according to the results from the 2011 Metro Vancouver Homeless Count, 27 per cent of the homeless individuals found in Metro Vancouver self-identified as an Aboriginal person.

While partnerships and programs exist specifically to support Aboriginal households, Aboriginal individuals and families are also supported by all programs across the housing continuum. In 2012, BC Housing transferred the administration of all Aboriginal social housing programs including emergency shelters and the *Aboriginal Homeless Outreach Program* to the Aboriginal Housing Management Association (AHMA).



INTERIOR

Total number of households	301,525
Households assisted through subsidized housing	13,909

NORTH

Total number of households	110,355
Households assisted through subsidized housing	4,902

VANCOUVER ISLAND

Total number of households	323,285
Households assisted through subsidized housing	16,694

LOWER MAINLAND

FRASER

Total number of households	580,445
Households assisted through subsidized housing	29,150

VANCOUVER COASTAL

Total number of households	449,030
Households assisted through subsidized housing	35,130

The map above shows BC Housing service regions and the number of households assisted through subsidized housing in 2013/14. The map also shows the total number of households in our service regions using 2011 Census data.

How We Serve British Columbians

Every aspect of BC Housing's business is centered on our clients. We create relationships with key partners to deliver the best services possible. Below are descriptions of how we do business in partnership.

DELIVERY PARTNERS

Housing assistance is provided through public, non-profit and co-operative housing, as well as through rent assistance to low-income individuals and families renting in the private market. We work in partnership with more than 800 non-profit housing societies, housing co-operatives and group home operators to provide safe and affordable housing for people in need. We also partner with private operators to provide rent supplements for low-income seniors and people with disabilities living in private assisted living facilities. The creation of affordable housing for low- and moderate-income housing through the *Community Partnership Initiatives*, for example, involves partnerships with the non-profit sector and private sector developers.

SERVICE PARTNERS

BC Housing engages in innovative service partnerships that integrate housing and support services to meet tenants' needs and ensure stable tenancies. These service partnerships involve other levels of government, health authorities, Community Living BC and service providers, such as those serving people with developmental disabilities, homeless individuals, refugee claimants at risk of homelessness, as well as women and children at risk of violence.

CONTRIBUTING PARTNERS

The investment required to create new social housing necessitates partnership models. Our approach seeks to combine resources and expertise from a wide range of partners, including other levels of government. For example, municipal governments contribute through expediting approval processes, waiving development construction fees and offering reduced property taxes, as well as making land available for new housing. The federal government contributes capital funding to support new and existing social housing. The funding provided by the federal government allows existing social housing in B.C. to be more sustainable through renovation and retrofits, and supports the Province to address the needs of the most vulnerable citizens through construction of new social housing. Please visit www.bchousing.org/aboutus/agreements/AIAH for more information on the Canada/BC Agreement for *Investment in Affordable Housing*.

Creating new social housing relies on significant contributions from the non-profit housing sector, recognizing the considerable equity and expertise in the sector to pursue new housing opportunities. In addition, contributions made by charitable organizations, such as the Streetohome Foundation in Vancouver and Columbia Basin Trust (CBT), have become a critical component of success in many communities.

INDUSTRY AND REGULATORY PARTNERS

BC Housing works with a wide range of industry partners to strengthen consumer protection for buyers of new homes. Partners include Licensed Residential Builders and Building Envelope Renovators, warranty insurance providers, insurance brokers acting as agents for warranty providers, industry associations, other regulatory agencies such as the Financial Institutions Commission, the Insurance Council of BC, the Real Estate Foundation, the Real Estate Council of BC, educational organizations and building officials.

Research and education activities to improve the quality of residential construction are funded primarily by builder license fees and owner-builder authorizations. BC Housing works with key industry groups and other levels of government to identify required research and to lever and attract additional funding for cost effective research and education initiatives in the residential construction sector. Having the key strategic partners at the table ensures the research will be robust, and the findings and new

business practices will be adopted, thus ensuring continued business improvements in the residential construction industry.

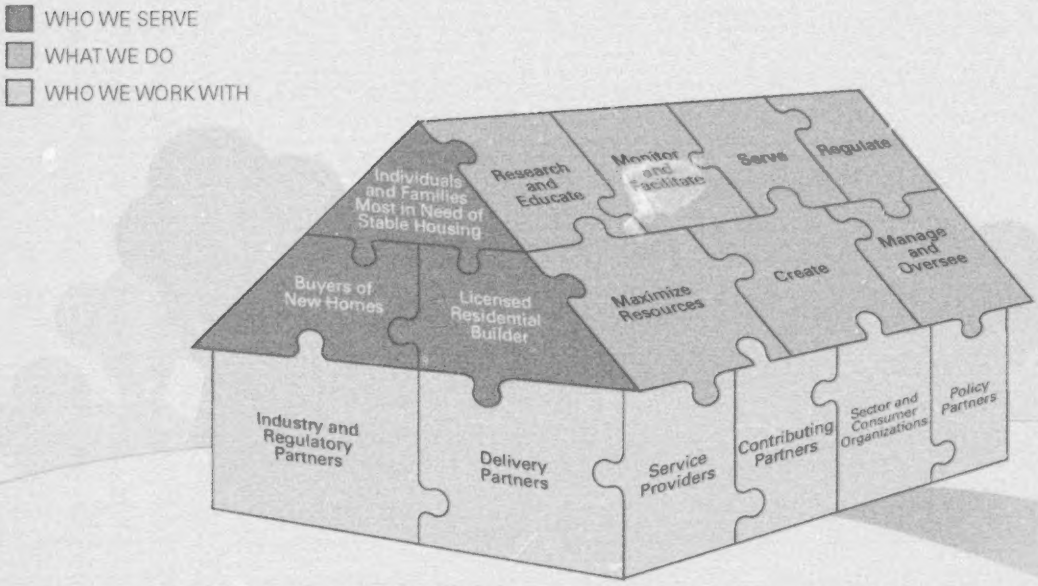
We also work with industry and regulatory partners to support sustainability in the design, construction and management of housing across the continuum. This is done through sharing best practices, developing education materials and conducting research.

POLICY PARTNERS

Our policy partners within the Office of Housing and Construction Standards are responsible for provincial housing policy, building and safety standards and residential tenancy. By working together, government is able to ensure that BC Housing's programs and services are integrated and aligned with the provincial housing policy. Our partners across government also include the Ministries of Social Development and Social Innovation, Health, Aboriginal Relations and Reconciliation, and Children and Family Development.

SECTOR AND CONSUMER ORGANIZATIONS

BC Housing works collaboratively with housing sector and consumer organizations to create better outcomes and build stronger communities. Organizations include the BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, Shelter Net BC, BC Society of Transition Houses, the Aboriginal Housing Management Association, the Greater Vancouver Shelter Strategy, and the Condominium Home Owners Association of BC.



Key Relationships

The diagram above illustrates BC Housing's relationships with our key partners and how we work together to provide housing options and strengthen consumer protection.

Organizational Structure

Corporate Governance

BOARD OF COMMISSIONERS

BC Housing is responsible to the Minister Responsible for Housing through a Board of Commissioners. The government appoints the board to oversee policy implementation and direction and, in cooperation with senior management, to set strategic direction. The board also monitors BC Housing's performance based on the province's planning and reporting principles. The board delegates responsibility for the day-to-day leadership and management of BC Housing to the Chief Executive Officer.

The board's governance processes and procedures are guided by the Best Practices Guidelines on Governance and Disclosure for Public Sector Organizations as well as other resources such as those published by the Office of the Auditor General. Through the board's Corporate Governance Committee, there is ongoing work to ensure practices remain in line with those required by the Board Resourcing and Development Office, are at the leading edge of good governance practices for crown agencies. Please see www.bchousing.org/aboutus/about/governance for more information.

COMMITTEES OF THE BOARD

The Board of Commissioners for 2013/14 included: Judy Rogers (Chair), Lucie Gosselin, Melvin Kositsky, Sabrina Kunz, Harvey McLeod, Robert Rennie[1], and Faye Wightman. As of May 2014, four standing committees support the role of the Board of Commissioners in fulfilling its obligations and oversight responsibilities:

1. Audit and Risk Management Committee
(Chair: Lucie Gosselin)

Ensures that the audit process, financial reporting, accounting systems, management plans and budgets, and the system of corporate controls and risk management are reliable, efficient, transparent and effective

2. Corporate Governance Committee
(Chair: Sabrina Kunz)

Ensures that BC Housing develops and implements an effective best-practices approach to corporate governance

3. Human Resources Committee
(Chair: Faye Wightman)

Provides a focus on senior management human resource and compensation matters

4. Capital Review Committee
(Chair: Melvin Kositsky)

Provides oversight with respect to capital projects including approving and monitoring an annual capital plan

Committee membership is comprised of a minimum of three Commissioners including the Committee Chair. BC Housing has an internal audit function that assures appropriate controls are in place to support business objectives within an acceptable risk framework. The Internal Audit department reports to the board through the Audit and Risk Management Committee, and also reports administratively to the Chief Financial Officer.

[1] Robert Rennie's board appointment term ended on April 30, 2014.

STANDARDS OF CONDUCT

BC Housing's Standards of Conduct guide the conduct for the board, employees, consultants, contractors and suppliers. The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- To act honestly, in good faith and in the best interests of BC Housing;
- To exercise care, skill and diligence in decision making; and
- To follow ethical standards to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

BC HOUSING

The chart on the following page highlights BC Housing's core business areas and the responsibilities and accountabilities in each area.

RELATIONSHIP WITH THE PROVINCIAL RENTAL HOUSING CORPORATION

The Provincial Rental Housing Corporation (PRHC) was incorporated in 1961 under the *Company Act* and exists solely as BC Housing's land holding company. It holds provincially owned social housing properties including public housing, and leases residential properties to non-profit societies and co-operatives. The Minister Responsible for Housing is the sole shareholder of PRHC. PRHC does not employ any staff and is administered by BC Housing with the executive serving as the Board of Directors. Its financial statements and activities are reported to the BC Housing Board of Commissioners to increase oversight and transparency. Annual audited financial statements are posted on BC Housing's website.

Organizational Chart

The following chart highlights BC Housing's core business areas and the responsibilities and accountabilities in each area.

Deputy Premier, Minister of Natural Gas Development and Minister Responsible for Housing, *Honourable Rich Coleman*

Board of Commissioners, *Judy Rogers, Chair*

Chief Executive Officer, *Shayne Ramsay*

OPERATIONAL BRANCHES

Operations
Vice President: Craig Crawford

- Provides access to existing subsidized housing
- Maintains the quality of existing social housing
- Oversees the management of public housing and group homes
- Administers operating agreements with housing providers
- Builds/leads relationships with housing providers

Development & Asset Strategies
Vice President: Michael Flanigan

- Facilitates the creation of new housing through a range of programs
- Provides portfolio planning and strategies for the maintenance, capital improvement, redevelopment and sustainability of social housing
- Coordinates major repairs, renovations, capital improvements and energy retrofits for social housing

Homeowner Protection Office
Vice President and Registrar: Wendy Acheson

- Carries out statutory responsibilities under the *Homeowner Protection Act* as Registrar of builder exemptions, and ensures compliance with the Act
- Monitors and facilitates the performance of the third-party home warranty insurance system

CORPORATE SUPPORT BRANCHES

Corporate Services
Vice President and Chief Financial Officer: Dan Maxwell

- Provides regulatory administration, finance, information systems, research and education, planning, program analysis, and legal services
- Provides mortgage administration for BC Housing and the Provincial Rental Housing Corporation

Human Resources
Vice President: Agnes Ross

- Recruits and trains staff
- Facilitates labour relations, negotiations, compensation, job evaluation, payroll, benefits management, employment equity and multiculturalism
- Oversees occupational health and safety and business continuity
- Develops leadership, employee engagement and retention strategies

Corporate Communications
Vice President: Donna Freeman

- Provides a broad range of internal and external communication services including strategic communication planning, media relations, issues management, housing events / announcements, government and stakeholder relations, website management and publications

Strategic Risks and Operating Context

BC Housing uses an enterprise risk management approach to assess our operational capacity to achieve our strategic priorities. Our approach acknowledges that strategic opportunities and risks often go hand-in-hand. The table below provides a summary of BC Housing's operating environment, identifying significant risks and opportunities that had an impact on our performance in 2013/14, and how they were managed.

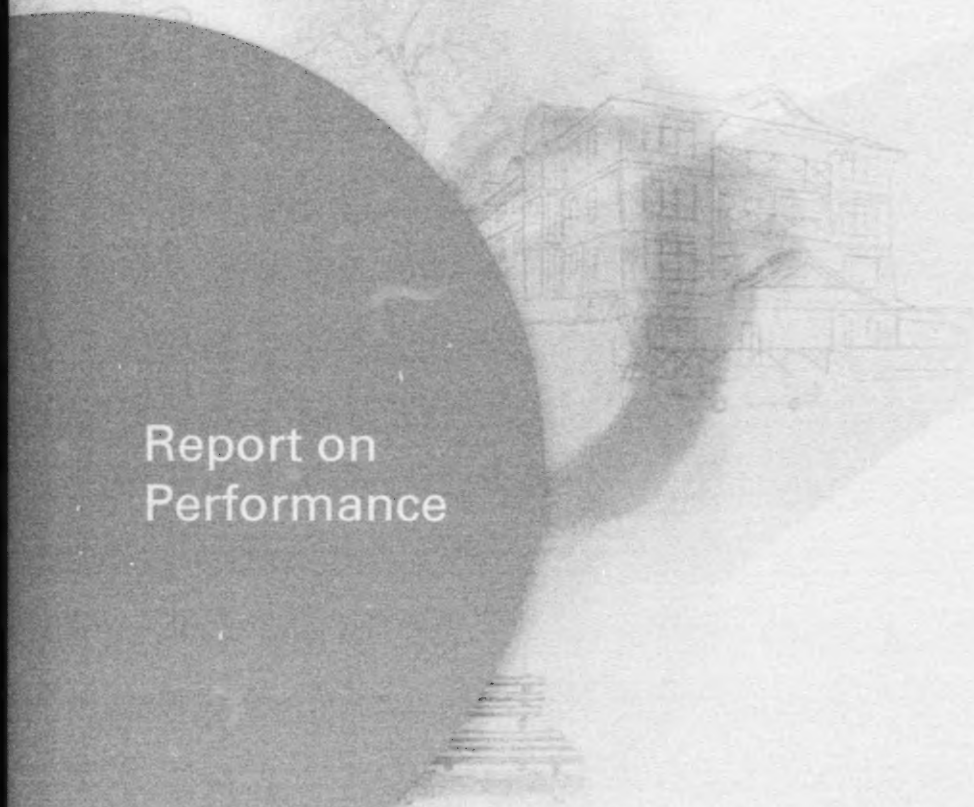
The quantitative impact on our performance is further discussed in the Report on Performance section on page 20 and Management Discussion and Analysis section on page 46.

Offsetting risks and pressures with opportunities in other areas provided the capacity required for BC Housing to meet its performance objectives in 2013/14.

KEY STRATEGIC RISKS	RESPONSE
1. External Risk Drivers	
Interest Rates Increased interest rates could increase BC Housing's cost of providing subsidies. This is considered to be a low to moderate risk for the year ahead.	• The impact of interest rate fluctuations were to be mitigated through underwriting practices, laddered mortgage renewal dates and ensuring the mortgage tender process has competitive rates. • A further discussion on financial risks, sensitivities and mitigation strategies is presented in the Management Discussion and Analysis section.
2. Social Housing Stock	
Loss of Affordable Housing Stock The aging social housing stock impacts the physical condition of the buildings, their environmental footprint and housing providers' ability to respond to people's housing needs. Losses to the stock may occur in specific instances, but the longer-term impact of this risk is moderated by existing and planned mitigation strategies.	• Detailed condition assessments were conducted and facility condition indices have been established for all provincially-owned properties and for non-profit housing over time. • Long-term capital planning has been tied to portfolio planning and approved funding. Our performance targets for the 2013/14 fiscal year were adjusted to reflect the available funding. See the Performance Measurement Section for more information. • BC Housing provided support to the non-profit housing sector to carry out portfolio/capital planning and energy management.

KEY STRATEGIC RISKS	RESPONSE
2. Social Housing Stock *(continued)*	
Loss of Key Assets Due to Disaster Loss of one or more key assets through a single event (fire, earthquake, etc.) could culminate from a loss of one or more buildings in close proximity. While the likelihood is low, the impact would be major.	• Our business continuity plans were updated and we maintained a secured disaster recovery site in another province to ensure the protection of our data and information technology systems, and our ability to continue operating. • We provided fire-safety and rapid damage assessment training to our staff and similar training to our non-profit partners. • We provided funding to non-profit housing partners to purchase property insurance.
3. Non-Profit Housing Sector	
Loss of Affordable Housing Stock The possible loss of affordable housing stock exists when an operating agreement between the province and a non-profit housing provider expires. Of particular concern is the loss of rent-geared-to-income units. Given that this risk has the potential to negatively impact tenants, the broader sector and BC Housing's ability to deliver on strategic priorities, a range of planning activities and initiatives are underway.	• Together with BC Non-Profit Housing Association, we carried out the following: – research and analysis to develop strategies to support non-profits with the transitional impact of expiry of operating agreements, and to ensure financially sustainable operating models, and – initiatives to support non-profit housing providers to carry out portfolio/capital planning and energy management. • Collaboration with our provincial and territorial colleagues across the country who are experiencing the same issues.
4. Human Capital / People	
Employee Engagement and Recruitment This risk is associated with BC Housing's ability to retain staff over the long-run, attract people with needed skill sets to replace an aging workforce over the next five to 10 years, and to provide proper support and training to current staff.	• We continued implementation of our robust *People Strategy* with a focus on leadership and learning, training and development, recruitment, engagement and social and environmental responsibility. • BC Housing was recognized as one of Canada's 50 Most Engaged Workplaces for 2013 and one of BC's Top Employers for 2013. • An annual employee engagement survey was conducted to identify trends and inform strategies.

Report on Performance



Introduction

Our Performance Measurement Framework (PMF) provides strong linkages with government's directions as set out in the provincial housing strategy. This section sets out BC Housing's Report on Performance for 2013/14. Performance targets were established in the 2012/13 Service Plan for twelve measures for each of our strategic priorities and objectives. Targets for 2014/15 to 2016/17 are shown for reference.

With a focus on continuous improvement, we strive to ensure the Performance Measurement Framework (PMF) is an effective performance measurement tool, accurately reflects the business and informs our partners and the public of the progress we have made or the challenges encountered throughout the year.

As described in our 2014/15 Service Plan, our PMF has been simplified for the 2014/15 – 2016/17 planning period. Whereas for the reporting period ending March 2014, the PMF has six strategic priorities and 12 performance measures, the revised PMF contains four strategic priorities and six performance measures.

While the items removed from the PMF continue to be a significant part of our operations and will be monitored through performance reports to management, the decision to remove them from the planning framework reflects a desire to provide a greater focus on key areas of performance and a stronger alignment of strategies and initiatives.

The PMF section of the Annual Report indicates which items have been removed from the PMF for 2014/15. In summary, one strategic priority was removed and three were re-named, six performance measures were removed and the other six remain within the new PMF.

An overview chart of our Performance Management Framework for the 2014/15 fiscal year is shown on the next few pages.

Further information on our PMF and performance measure targets can be found in the Appendix – Performance Measure Details.

BC Housing Performance Overview – 2013/14

STRATEGIC PRIORITIES & OBJECTIVES	MEASURE	11/12 RESULTS	12/13 RESULTS	13/14 TARGET	13/14 RESULTS		14/15 TARGET	15/16 TARGET	16/17 TARGET
Strategic Priority 1: Support a strong non-profit housing sector									
Collaborate with our non-profit housing partners to ensure long-term provision of social housing	Reduction in the number of indicators requiring follow-up after an operational review	New measure commencing 2012/13	87% Baseline established	65% or higher	70%	Target achieved	70% or higher	72% or higher	74% or higher
Strategic Priority 2: Respond to critical gaps along the housing continuum									
Increase housing options	Number of new units/beds created for priority groups	2,014	1,004	1,040	1,557	Target achieved	1,043	1,095	1,007
	Number of new households assisted through rent assistance programs	6,861	6,685	7,000	7,279	Target achieved	Removed from Service Plan; monitoring of measure to continue		
Available housing targeted to vulnerable citizens	Per cent of clients belonging to priority groups in subsidized housing	88%	89%	85% or higher	90%	Target achieved	Removed from Service Plan; monitoring of measure to continue		
Provide opportunities for greater housing stability	Per cent of homeless individuals accessing housing who remain housed six months after placement	81%	80%	75% or higher	84%	Target achieved	Removed from Service Plan; monitoring of measure to continue		
Strategic Priority 3: Enhance Aboriginal housing partnerships									
Facilitate opportunities that increase a self-reliant Aboriginal housing sector	Progressive Aboriginal Relations (PAR) Certification	New measure commencing 2012/13	Silver	Silver	Silver	Target achieved	Silver	Silver	Silver

STRATEGIC PRIORITIES & OBJECTIVES	MEASURE	11/12 RESULTS	12/13 RESULTS	13/14 TARGET	13/14 RESULTS		14/15 TARGET	15/16 TARGET	16/17 TARGET
Strategic Priority 4: Help bring about improvements to the quality of residential construction and strengthen consumer protections									
Promote consumer protections and compliance with the *Homeowner Protection Act*	Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance requirements and the owner builder exemption	80%	83%	80% or higher	85%	Target achieved	80% or higher	80% or higher	80% or higher
Strategic Priority 5: Sustainability leader									
Adequate provisions for future requirements	Facility Condition Index	22% (Preliminary Result)	15% (Baseline established)	Maintain baseline	11%	Target achieved	15% to 20%	15% to 20%	15% to 20%
Environmental leadership in the housing sector	Per cent reduction in greenhouse gas emissions from 2005 levels[1]	16%	22%	10% or less	24%	Target achieved	15%	15%	14%
Strategic Priority 6: Organizational excellence									
Financial and operating success	Controllable administration costs as percentage of program delivery costs	72%	8.6%	10% or less	9.45%	Target achieved	Removed from Service Plan; monitoring of measure to continue		
	Tenants' rating of BC Housing's service delivery	72%	74%	Establish baseline	70%	Baseline established	Removed from Service Plan; monitoring of measure to continue		
High level of employee engagement	Employee engagement index	Top quartile	Top quartile	Top quartile	Top quartile	Target achieved	Removed from Service Plan; monitoring of measure to continue		

[1] The results for this measure are based on a calendar year. For example, 2011 results were reported in the 2011/12 Annual Report, results for 2012 will be reported in the 2012/13 Annual Report.

Strategic Priority 1: Support a Strong Non-Profit Housing Sector

BC Housing supports a strong non-profit housing sector through relationship building and collaboration with housing providers, and through working with our sector partner, BC Non-Profit Housing Association, to build greater capacity within the sector. Non-profit housing providers and BC Housing share a common purpose to provide stable, safe and affordable housing. Together we work toward ensuring the sustainability of the sector and provision of social housing over the long-term. Our mutual success depends on being strategic about priorities and making the best use of our different but complementary capabilities.

Objective: Collaborate with Our Non-Profit Housing Partners to Ensure Long-Term Provision of Social Housing

MEASURE: REDUCTION IN THE NUMBER OF INDICATORS REQUIRING FOLLOW-UP AFTER AN OPERATIONAL REVIEW

This measure focuses BC Housing's collaborative efforts with non-profit housing providers to improve financial and operational practices within the sector.

With the aim of better supporting the financial and operational practices of the non-profit housing providers, key indicators were identified through a consultative process that form the foundation for the financial and operational review process. These indicators focus on financial and operational practices in each of the following key areas:

- Property management
- Tenant/client management
- Financial management
- Health and safety
- Support services (if applicable to that site)
- Capital asset plan[1]

Reduction in the Number of Indicators Requiring Follow-Up After An Operational Review

[1] The Capital Asset Plan is currently monitored under the Facility Condition Index performance measure and these results will inform the operational review measure going forward.

PERFORMANCE RESULTS

This measure records the percentage of providers requiring follow-up with five or fewer items as determined through an operational review. Once the review is conducted, a work plan is developed to resolve the outstanding items. In 2013/14, 70 per cent of providers that completed their operational review required minimal assistance from BC Housing. This positive finding indicates that the housing providers reviewed have strong operational and financial practices permitting BC Housing to focus on other housing providers who need more support. While the result is below the previous year, this is due to a larger number of providers having an operational review, as well as providers that had a review completed requiring more support from BC Housing. Data for this measure is gathered through an operational review process with housing providers funded by BC Housing. Performance is benchmarked against past performance.

Asbestos Management Toolkit for non-profit housing providers

In 2013/14, BC Housing worked closely with staff at the BC Non-Profit Housing Association and the Aboriginal Housing Management Association to create an Asbestos Management Toolkit that is now available online at www.bchousing.org/Partners/Ongoing/Hazard-Management/Asbestos-Management. The purpose of the toolkit is to assist housing providers to be compliant with WorkSafeBC regulations and improve the safety of both workers and residents.

The toolkit takes what can be a very complex issue and simplifies it into a three-step process: conducting a hazardous material survey and inventory for each building; developing an asbestos management program to meet each provider's unique needs; and implementing training and education.

The Asbestos Management Toolkit assists non-profit housing providers in creating their own asbestos management program.

An important component of the toolkit is the specialized training that has been developed in partnership with BC Institute of Technology. A 12-week online course helps providers develop their own asbestos management program. BC Housing developed free online asbestos awareness e-Learning training for providers' staff that work in buildings that have asbestos materials. In addition, BC Housing partnered with Douglas College to develop a practical hands-on course that will be offered in locations around the province for maintenance personnel who disturb asbestos-containing materials.

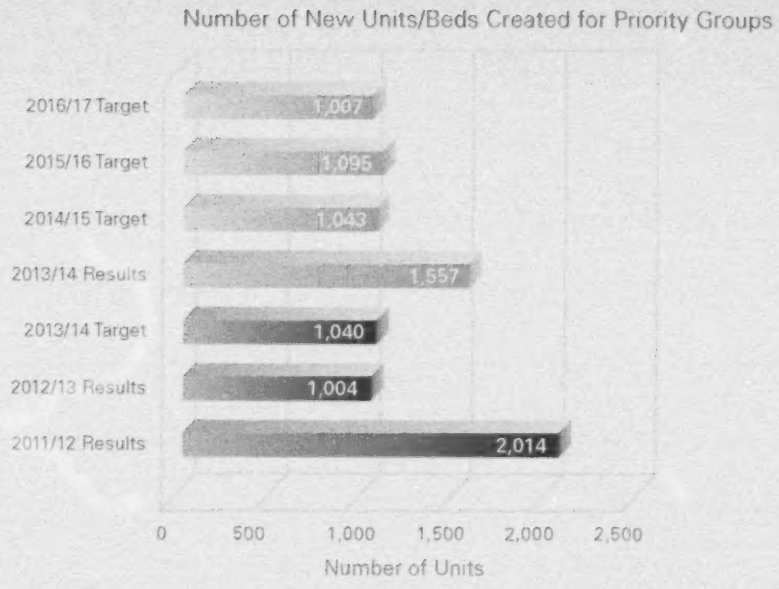
Strategic Priority 2:
Respond to Critical Gaps Along the Housing Continuum

BC Housing responds to critical gaps along the housing continuum and expands the range of affordable housing options for British Columbians including those in greatest need, and by working to ensure that the existing supply of social housing is maintained, rehabilitated and renewed. This strategic priority involves delivery of a wide range of housing programs and initiatives in collaboration with partners in the private and non-profit housing sectors, as well as with local governments and community organizations.

Objective: Increase Housing Options

MEASURE: NUMBER OF NEW UNITS/BEDS CREATED FOR PRIORITY GROUPS

This measure monitors BC Housing's performance in creating new units along the housing continuum. Through our programs we are able to add new housing units for a range of low-income individuals and families, including frail seniors, Aboriginal households, people with physical and mental disabilities as well as individuals who are homeless.



The targets are based on the completion of new units (or short-stay emergency beds) under existing funding programs, such as the *Provincial Homelessness Initiative, Memoranda of Understanding* with local governments, the *Federal/Provincial Housing Initiative, Canada/BC Investment in Affordable Housing* and *Community Partnership Initiatives*. Data for this measure is gathered through our information systems which track new units/beds created under these funding programs. Performance is benchmarked against past performance.

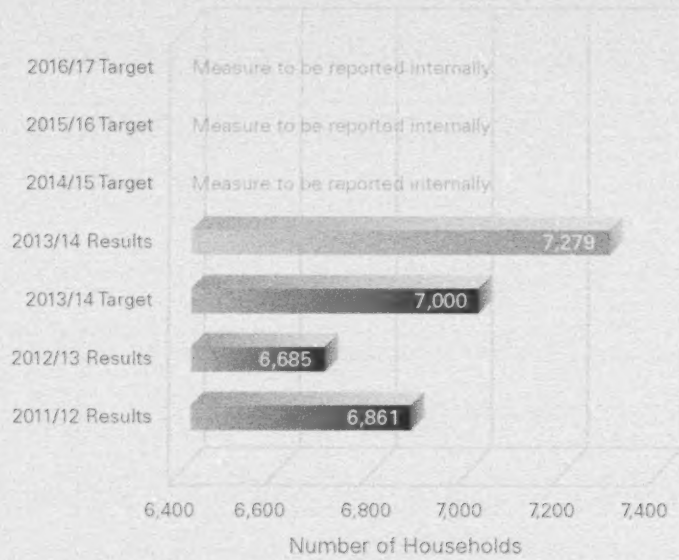
PERFORMANCE RESULTS

In 2013/14, we created 1,557 new units, surpassing the target of 1,040. These units were added in 21 communities across the province. This includes 10 units under the *Provincial Homelessness Initiative*, four units under the *Aboriginal Housing Initiative*, 481 units under the *Community Partnership Initiatives*, 56 units under the *Canada/BC Investment in Affordable Housing* and 480 units created under *Memoranda of Understanding* with local governments. In addition, 24 short-stay shelter spaces, 131 homeless rent supplements, 12 beds for group homes, four transition house beds and 355 units under various programs were created.

MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS[4]

This measure reports on the performance BC Housing's rent assistance programs, *Rental Assistance Program* and *Shelter Aid for Elderly Renters* in improving access to affordable rental housing within the private market for low-income households. Data for this measure is gathered through our information systems which track the number of new households that receive a rent subsidy through these programs. Performance is benchmarked against past performance.

Number of New Households Assisted Through Rent Assistance Programs



These programs assist working families and seniors who do not have enough income to secure affordable housing by bridging the gap between market rents and what a household can afford.

PERFORMANCE RESULTS

In 2013/14, 7,279 new households received financial assistance. This includes 3,873 low-income families and 3,406 senior households, surpassing the target of 7,000 new households. This result is in line with expectations regarding program enrollment over time, with a moderate increase forecasted for the next three years. This measure has been removed from the 2014/15 Service Plan but will continue to be monitored.

[4] A new household is defined as a household that is receiving rent subsidies for the first time, or a household that is re-entering the relevant program after a minimum of three months without any subsidy. Please see Appendix – Performance Measure Details for more information.

Objective: Available Housing Targeted to Vulnerable Citizens

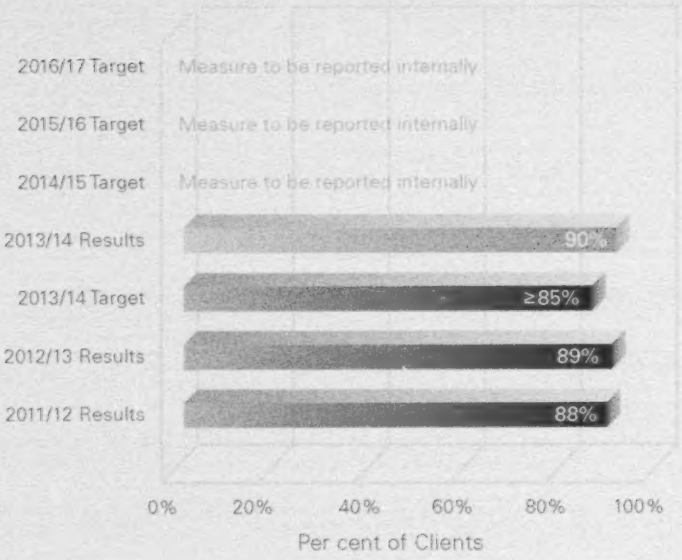
MEASURE: PER CENT OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

Through this measure BC Housing's performance on ensuring those in greatest need receive priority assistance is reported.

Priority groups, for the purposes of this measure, are identified as:

- Low-income or frail seniors
- People with physical or mental disabilities
- People with a mental illness or addictions
- Women and children who have experienced domestic violence
- Individuals facing alcohol and drug addiction challenges
- Aboriginal families and individuals
- Those who are homeless or at risk of homelessness

Per Cent of Clients Belonging to Priority Groups in Subsidized Housing



The targets are set to reflect the projected number of households in government-assisted housing within one of the designated priority groups, as well as the anticipated number of new and acquired housing units, all of which are targeted to priority groups. Data for this measure is gathered through our information systems, which track the number of new households that receive a rent subsidy through these programs. Performance is benchmarked against past performance.

PERFORMANCE RESULTS

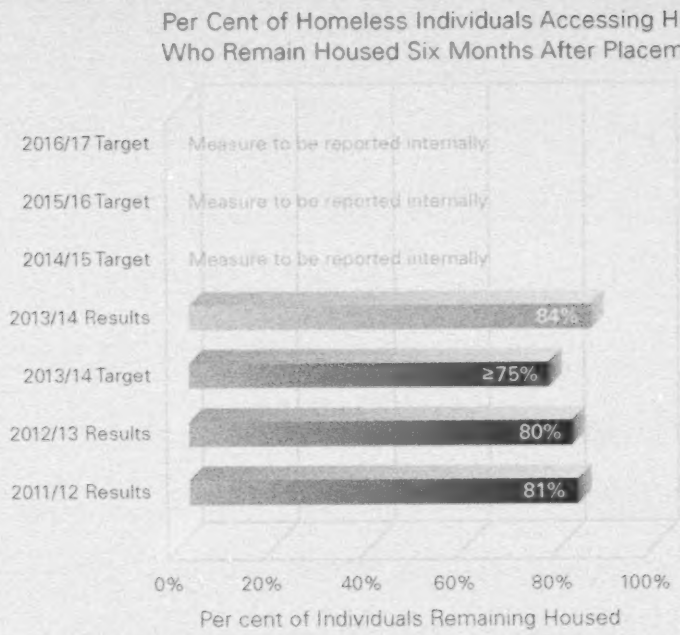
As of March 31, 2014, 90 per cent of all households receiving assistance were within one of the identified priority groups, achieving the target of 85 per cent or more. This increase reflects the creation of new subsidized housing as well as an increase in the number of units adapted for higher priority needs. This measure has been removed from the 2014/15 Service Plan, but will continue to be monitored.

Objective: Provide Opportunities for Greater Housing Stability

MEASURE: PER CENT OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

Measuring the percentage of homeless individuals accessing housing and remaining housed six months after placement enables us to monitor and assess the performance outcomes of programs and initiatives intended to break the cycle of homelessness. Generally, the longer an individual is housed, the greater the likelihood they will remain housed.

This measure takes into account the number of homeless people who have remained housed six months from their housing date through the *Emergency Shelter Program, Homeless Outreach Program* or *Aboriginal Homeless Outreach Program*. Only clients whose housing status can be verified at the six month anniversary of being housed are included in this measure.



PERFORMANCE RESULTS

Eighty-four per cent of the individuals housed through the homeless outreach programs from April 1, 2013 to March 31, 2014 remained housed after six months. This result exceeded the target of 75 per cent or more. The overall result is an average of the number of individuals housed through the *Aboriginal Homeless Outreach Program* and the *Homeless Outreach Program* (87 per cent) and the *Emergency Shelter Program* (81 per cent). Data for this measure is gathered through the Homelessness Services System database which captures information about people who receive services through these programs. Performance is benchmarked against past performance.

Some clients require multiple attempts at being housed before they successfully remain housed for an extended period of time. When examined at a regional level, all five regions exceeded the target of 75 per cent: Vancouver Coastal – 81 per cent; Interior – 80 per cent; North – 84 per cent; Vancouver Island – 85 per cent; Fraser – 89 per cent.

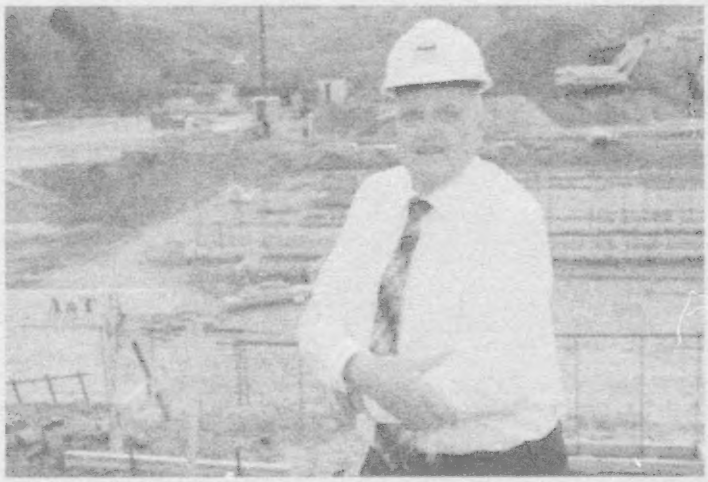
This measure has been removed from the 2014/15 Service Plan but will continue to be monitored.

Senior welcomes more affordable housing options in Kamloops

When Bud Tippett recalls what he thought of seniors homes when he was younger, he shudders.

"If a room would fit three beds, there were three beds in it," the 72-year-old said, remembering a visit he made to a home where a friend's grandfather lived. "But that's not the way it is today. My home at RiverBend is as comfortable as any apartment I've ever had."

Bud lives in a modern apartment built as part of the *Seniors' Rental Housing* initiative at RiverBend Seniors Community in Kamloops. Now, under *Community Partnership Initiatives*, BC Housing is providing construction financing for Mayfair, a second phase in the RiverBend Seniors Community. Bud is looking forward to meeting the neighbours who will move into the 101 new homes, including 20 units that will be set aside as affordable rental homes for low- to moderate-income seniors and managed by River City Seniors Society.



Bud Tippett in front of the Mayfair at RiverBend construction site.

"Our population is getting older," said Bud, "we're going to need more affordable homes for seniors that offer these kinds of amenities. I am very thankful to be here; RiverBend is an excellent model for seniors' homes."

Mayfair residents will share access to a multi-purpose room, workshop, lounge, and community garden and will share other amenities with the overall RiverBend Seniors Community including a dining room, library and games room, a fitness centre, a theatre room and a salon.

Construction is expected to be completed by summer 2014.

Strategic Priority 3: Enhance Aboriginal Housing Partnerships

BC Housing works with the Aboriginal housing sector to enhance partnerships to address Aboriginal housing need and increase self-reliance within the sector. Aboriginal housing need is a priority area for BC Housing recognizing that Aboriginal peoples are more likely to be in core housing need and are significantly over-represented within the homeless population.

Objective: Facilitate Opportunities that Lead to a More Self-Reliant Aboriginal Housing Sector

MEASURE: PROGRESSIVE ABORIGINAL RELATIONS (PAR) CERTIFICATION

This measure relies on an existing certification program, the Progressive Aboriginal Relations (PAR) Certification, whereby BC Housing's broad range of initiatives and partnerships with Aboriginal organizations are assessed by an independent third-party organization, the Canadian Council for Aboriginal Business (CCAB).

The CCAB assesses our commitment to the Aboriginal sector through four key performance areas: employment, business development, community investment and community engagement. Assessment results are certified at a bronze, silver or gold level, depending on how the organization has demonstrated its performance under the four performance areas.

PERFORMANCE RESULTS

BC Housing was awarded a silver designation in 2012/13, surpassing the target of bronze, becoming the first social housing provider in Canada to be certified under the PAR program. This result demonstrates BC Housing's active and on-going commitment to supporting the Aboriginal housing sector and our Aboriginal housing partners.

Work will continue throughout the organization in preparation for the next triennial review which will be conducted in 2015.

Benchmarking is conducted on a national level against other Canadian companies participating in the PAR certification program. Current PAR certified companies include BC Hydro, Canada Post, IBM and BMO Financial Group.

Innovative strategy to help Aboriginal Youth

Dave Pranteau believed it was the children in foster families who need to be front and centre in any decisions that affect them. He was passionate about the well-being of Aboriginal youth and dedicated his adult life to improving conditions for them. His commitment is remembered in the naming of the Dave Pranteau Aboriginal Children's Village, 24 units of affordable housing in Vancouver for Aboriginal foster families, youth transitioning out of foster care, and low-income families.

Homes in the Village are allocated to the children rather than the foster parents. If the foster placement cannot accommodate the needs of a child as they move through normal developmental milestones, it is the caregivers who must move, not the children. The Village is supported by a caregiver support program which is located onsite to ensure that foster families and children are well supported. This model provides the foster children who live there with greater stability.

A child breathes life into the totems at the opening of the Dave Pranteau Aboriginal Children's Village.

Lu'ma Native Housing Society owns and operates the site which opened in October 2013. The site is unique in Canada; there is no other model like this within the urban Aboriginal community. The concept was adopted from the SOS Children's Village that recognizes that in order to reduce the number of times a child is moved while in care, it is the foster parents and the guardian agencies that must make the additional efforts.

Strategic Priority 4:
Help Bring About Improvements in the Quality of Residential Construction and Strengthen Consumer Protections

BC Housing provides, in partnership with industry and consumer organizations, consumer protection for buyers of new homes and works to ensure continuous improvement in the quality of residential construction. These activities help support consumer confidence and a thriving residential construction sector in British Columbia.

The Homeowner Protection Office partners with industry to raise the bar of professionalism in residential construction and initiate research and education projects that promote the durability and energy efficiency of new construction. The cross-over of research and education projects into the non-profit housing sector is happening and is beneficial, for example, improving energy performance of multi-unit buildings and providing building enclosure design guidelines.

Objective: Promote Consumer Protections and Compliance with the *Homeowner Protection Act*

MEASURE: BUILDERS' RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER-BUILDER EXEMPTION

This is a measure of the overall health of the builder licensing, home warranty insurance and owner-builder authorization system whereby compliance issues are dealt with quickly and effectively by the Homeowner Protection Office. Assessment of performance is best done by industry participants (licensed residential builders) who operate their businesses within the regulatory framework.

Builders' Rating of the Effectiveness of Compliance Efforts to Monitor and Enforce Licensing and Home Warranty Insurance and the Owner-Builder Exemption

PERFORMANCE RESULTS

The 2013/14 survey was sent to 5,080 builders with 1,452 responding, for a response rate of 29 per cent. Results show that 85 per cent of builders felt that the effectiveness of the compliance efforts was "very effective" or "effective". This result is above the target of 80 per cent and above the result from 2012/13. Performance is benchmarked against past performance and also informally with the Tarion Warranty Corporation in Ontario.

Of note, respondents indicating efforts as "very effective" has held steady at 33 per cent in 2013/14. Reducing instances of non-compliance continues to be an area for continued business improvement.

Building Smart: A decade of sharing building best practices

March 2014 was the tenth anniversary of the popular *Building Smart* seminars. From building code changes and building envelope standards to green technology, the seminar series has covered many relevant topics for the residential construction industry in British Columbia over the last decade.

Delivered every year during spring and fall, the Homeowner Protection Office of BC Housing takes its *Building Smart* seminars to over 20 communities across the province to keep builders and other residential construction industry professionals up to date with the latest information on best practices and code requirements.

Seminars on 18 different topics have been produced since *Building Smart* began 10 years ago, which translates into 400 sessions bringing together 25,000 industry professionals.

Building smart seminars have been keeping members of the residential construction industry up to date on best practices and code requirements for 10 years.

Developed in partnership with industry, the three-hour seminars are designed to be informative and interactive. Sharing knowledge on building practices helps improve the quality of residential construction to ensure that B.C. homes are well constructed, comfortable and energy efficient.

"Since the first *Building Smart* in 2004, the seminars have become an important component in raising the level of skills and knowledge in the industry and improving the quality of homes being built," said CEO Shayne Ramsay. "*Building Smart* goes beyond the minimum code requirements of home building, ensuring builders are also aware of the latest in new technologies, design and sustainability techniques."

By taking the seminars to different communities around the province, *Building Smart* has allowed local builders, building officials, designers and other industry professionals an opportunity to share experiences during the sessions, putting the focus on timely issues and helping to improve construction practice.

To stay up-to-date on locations, topics and schedules please visit the HPO website at www.hpo.bc.ca and subscribe to receive online bulletins and e-updates.v

Strategic Priority 5: Sustainability Leader

BC Housing works to ensure the long-term sustainability of the social housing stock in British Columbia for the benefit of those in greatest housing need, and while doing so lessen our impact on the environment.

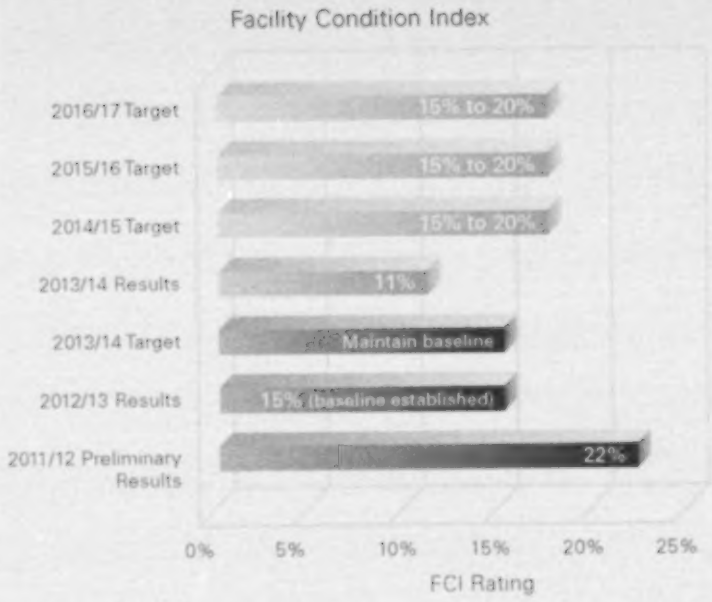
Our leadership involves leveraging environmental and social benefits from the work that we do while delivering on our social housing mandate. This includes, for example, lessening the negative environmental impact of the existing social housing stock through strategic maintenance, renovations and retrofits, building new social housing to high environmental standards, and supporting non-profit providers to engage tenants to promote energy conservation, thereby building a greater sense of social inclusion, strengthened relationships, and a healthier community overall.

Objective: Adequate Provisions for Future Requirements

MEASURE: FACILITY CONDITION INDEX

As part of BC Housing's focus on continuous improvement, the Facility Condition Index (FCI) measure was introduced as a means of quantifying and measuring the physical condition of the social housing stock. The FCI value is an indication of the condition of the building – a lower value corresponds to a better building condition.

BC Housing uses the FCI to assist with investment decisions and strategic directions regarding capital works and budgets for social housing. Data used to calculate the FCI is obtained from condition assessments of building systems, sub-systems and components. Performance is benchmarked informally against the FCI of other government social housing providers and other government and private sector building asset owners.



PERFORMANCE RESULTS

As of March 31, 2014 results have indicated an overall baseline FCI rating of 11 per cent.

This positive performance is a result of renovations and repairs carried out through the *Housing Renovation Partnership* and a larger sample of units assessed.

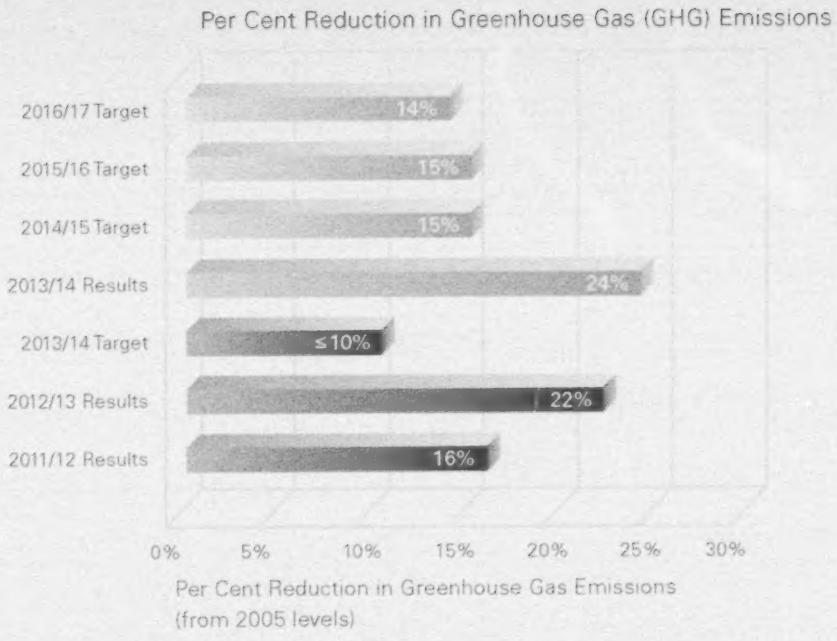
The FCI is the result of renewal and replacement needs divided by the replacement cost, expressed as a percentage. Based on a sampling of assessed units (a total of 42 per cent of the social housing stock), the FCI has been identified at 11 per cent.

Objective: Environmental Leadership in the Housing Sector

MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS

This measure tracks BC Housing's progress in reducing greenhouse gas (GHG) emissions and maintaining a carbon neutral status as required by the *Greenhouse Gas Reductions Target Act*.

This measure includes GHG emissions from buildings owned or leased by BC Housing. Annual targets are set to maintain a ten per cent reduction in GHG emissions from the baseline developed from the existing housing portfolio in 2005.



PERFORMANCE RESULTS

In 2013 total GHG emissions related to energy use for heating and electricity in all buildings owned or leased by BC Housing (including: directly managed buildings, group homes operated by non-profit housing societies, SROs and Rural Native housing) were reduced by 24 per cent from the 2005 level, exceeding the annual reduction target of 10 per cent.

These results can be attributed to multi-year building upgrades and energy program conducted under the *Housing Renovation Partnership* and successful implementation of higher efficiency heating and lighting technologies in new and existing buildings, combined with installation of heating systems low in carbon emissions and on-going improvements in energy management practices across the portfolio.

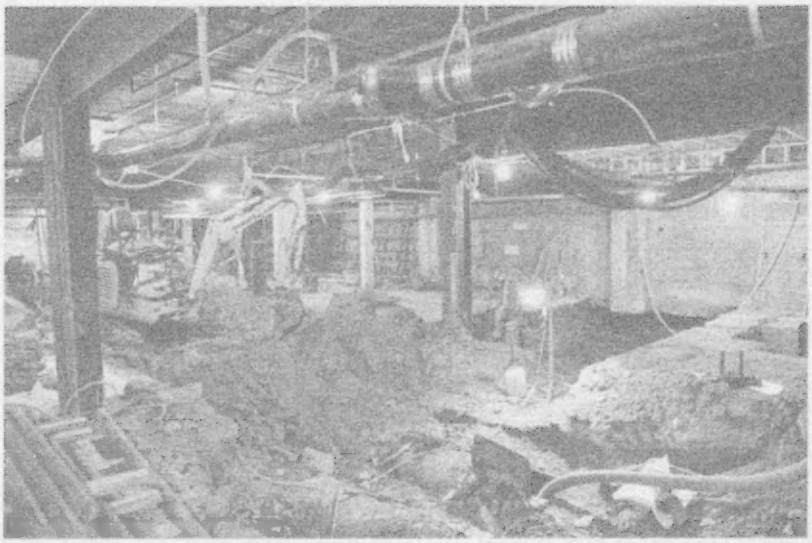
The total 2013 GHG emissions from buildings was 22,828 tonnes of CO_2e[5]. This represents a six per cent decrease in emissions compared to 2011.

[5] CO_2e is an abbreviation for carbon dioxide equivalent.

SRI will make low-income homes more energy efficient

An important aspect of the major renovations underway on the 13 single room occupancy hotels in Vancouver's Downtown Eastside community that are part of the SRO Renewal Initiative (SRI) is the resulting energy savings.

"These 13 buildings are all over 100 years old and have mechanical, plumbing and electrical infrastructure that requires updating," said the SRI's Senior Project Manager Robin Latondresse. "When renovations are finished all the buildings will have new boilers; the buildings will be sealed which will make them more efficient; and new plumbing and electrical will make sure the systems are reliable. The maintenance costs and energy savings will be significant, as will the reduction in greenhouse gas emissions."



Renovations at the Marble Arch will make the building more energy efficient.

The SRI is an example of a major business decision integrating sustainability principles. One of the strategies of our *livegreen* Housing Sustainability Plan is to fully integrate sustainability into all business areas and activities by developing standards, policies, guides and resources to facilitate this process.

The 13 SROs are being renovated in a phased approach and their heritage value will be preserved. The first three buildings to undergo repairs (Marble Arch; Gastown; and Washington hotels) have surpassed the 60 per cent recycling targets for renovation and construction waste mandated by government.

"About 900 people, many of whom have been homeless or are at risk of homelessness, live in these buildings," said Robin. "The renovations will definitely make their lives more comfortable by reducing drafts, providing better heating, and making sure there is a reliable supply of water to each unit."

Strategic Priority 6: Organizational Excellence

BC Housing provides cost-effective solutions and value for money in carrying out our mandate. We always look to improve our client-focused services by ensuring that we continue to be cost effective and culturally appropriate in delivering our programs and services.

Objective: Financial and Operating Success

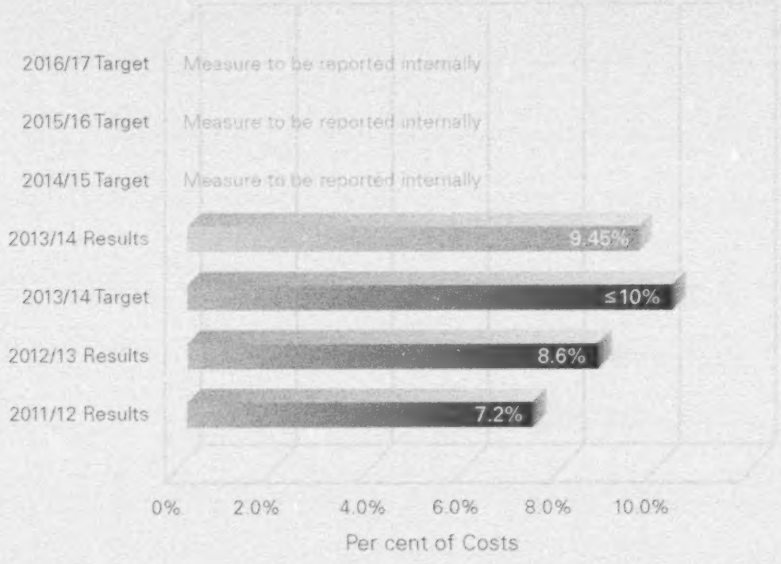
MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

This financial measure assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs. The target of 10 per cent or less is BC Housing's standard based on our performance history and ensures that BC Housing continues to maintain this level of performance.

PERFORMANCE RESULTS

The results for 2013/14 indicate BC Housing continues to achieve a high level of performance with 9.5 per cent of administration costs as a percentage of program delivery costs. This achieves the target of 10 per cent or less.

Controllable Administration Costs as a Percentage of Program Delivery Costs



BC Housing developed strategies to manage expenditure growth, contain costs and maximize the effectiveness of programs, ensuring BC Housing continues to meet its mandate in a cost effective manner. This measure has been removed from the 2014/15 Service Plan but will continue to be monitored internally.

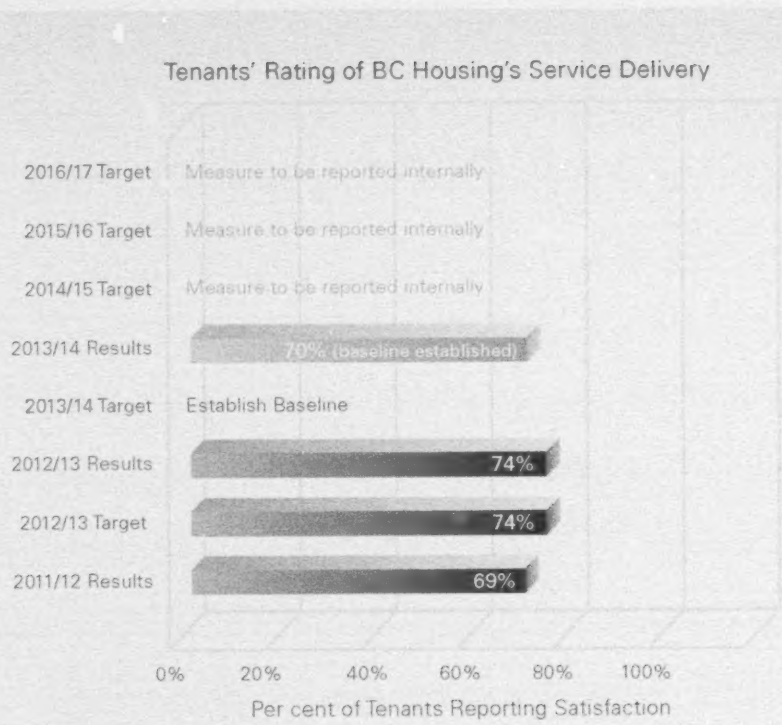
Objective: Financial and Operating Success *(continued)*

MEASURE: TENANTS' RATING OF BC HOUSING'S SERVICE DELIVERY

This measure is an important indicator of the quality of our service delivery to tenants in BC Housing's directly managed buildings (public housing).

PERFORMANCE RESULTS

In 2013/14 tenants in BC Housing's directly managed properties rated BC Housing staff's overall performance in meeting their housing needs. All households residing in BC Housing's directly managed properties received a survey by mail (6,177 surveys were mailed). Tenants were able to complete and submit the survey by mail or online. Approximately 1,540 tenants responded to the survey, representing an overall response rate of 31 per cent.



Seventy per cent of the respondents reported that they thought BC Housing's service delivery was either "very good" or "good."

In 2014/15 we will continue to review our methodology to improve on performance and better identify areas where improvements to service delivery can be made. This measure has been removed from the 2014/15 Service Plan but will continue to be monitored internally.

Objective: High Level of Employee Engagement

MEASURE: EMPLOYEE ENGAGEMENT INDEX

BC Housing's employees play a critical role in organizational performance. Engagement is a productivity indicator based on the employee experience offered by the organization, recognizing that an engaged employee is one who is fully involved in, and enthusiastic about their work, and who will act in a way that will support the organization as a whole in meeting its goals and objectives.

Our measure is based on BC Housing's annual employee survey, gathering perceptions and feedback on the experience of working at BC Housing. The survey is designed to gauge the extent to which BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement. Results are benchmarked with other employers throughout North America through standard industry survey instruments. The target is set to ensure that employee engagement continues to be an important focus within the organization and is supported by the *People Strategy*.

PERFORMANCE RESULTS

BC Housing conducted its annual Employee Survey in March 2014. The survey, gathered data and comments on 10 key engagement indicators and 35 engagement questions specific to the organization. Participation remained high with an 83 per cent employee response rate. When aggregating the 10 benchmark employee engagement questions, BC Housing's indicator of engagement increased to 73.8 per cent agreement, compared to 72.6 per cent last year. These results place BC Housing in the top quartile of benchmarked employers and meeting our performance target.

BC Housing was recognized as one of Canada's 50 Most Engaged Workplaces for 2013 and one of BC's Top Employers for 2013.

The level of employee engagement is further demonstrated through our employee-driven *Community Connections* program that enables employees to donate both time and money to causes they care most about. This year, employee contributions increased to $141,000 and employee participation increased via volunteer hours, rising to 1,220 hours logged through the employer supported volunteerism portion of Community Connections. In response to employee concern, we expanded the parameters of the Community Connections program to enable staff to donate to the relief efforts in the wake of Typhoon Haiyan in the Philippines, raising $13,000 in aid.

This measure has been removed from the 2014/15 Service Plan but will continue to be monitored internally.

Online applications speed up processing

Online housing applications went live in April 2013. Since then, approximately one in every six applications that BC Housing's receives is from this source.

"We've had great feedback from people using the online form and it's huge for us from an operations perspective," said Customer Service Manager Gaye Hartt. "Because every step must be completed before an application can be submitted, we're receiving applications that are not missing any information. This is very different from the printed applications we receive which can require us to go back to the applicant to ask for more information."

Approximately one in every six applications that BC Housing's receives is online.

Application agents can process an average of six online applications per hour. This compares with 3.5 per hour for paper applications.

Comments from applicants using the online form include:

- "I loved the format; it was easy, clear and quick."
- "Thank-you for creating this wonderful tool, it helps and speeds up the process."
- "The process is straightforward. Keep up the good work."
- "A huge thank you for making it possible to fill out and send this information online!
- "I have difficulties with computers and this was easy peasy."

About half of the online applications are people looking for family accommodations, with the other half split between singles, seniors, and people with disabilities. The online system also provides data that we do not have for applications received in more traditional ways.

"We know, for instance, that 42 per cent of the users start and save their applications," explained Gaye. "And, about 24 per cent who start an application submit it. We require them to sign a declaration and send that to us along with supporting documents. We receive this documentation for nine per cent of people who start the process. We have no basis to which to compare this as we have no way of knowing how many paper applications get started versus how many are submitted. We do know that our clients face many challenges such as language barriers and health issues."

BC Housing recognizes that it is not realistic to think online applications will ever be the only form of applying for subsidized housing, but looks forward to the percentage increasing over time.

Operational Overview – 2013/14 Actuals

REVENUES AND EXPENDITURES

Funding		Expenses	
Provincial Government	$370.1 M	Emergency Shelters & Housing for Homeless	$169.5M
Federal Government	$160.1 M	Transitional Supported & Assisted Living	$123.3 M
Tenant Rent	$36.7 M	Independent Social Housing	$219.8 M
Provincial Partnering Ministries	$14.5 M	Rent Assistance in the Private Market (Independent)	$88.5 M
Homeowner Protection Office Fees	$5.1 M	Homeowner Protection Office Administration, Research & Education	$5.0 M
Other	$23.7 M	*Home Adaptations for Independence*	$4.1 M
Total	**$610.2 M**	**Total**	**$610.2 M**

GOVERNMENT ASSISTED HOUSING (UNITS)*

Emergency Shelters & Housing for Homeless	11,600
Transitional Supported & Assisted Living	18,839
Independent Social Housing	41,183
Rent Assistance in the Private Market (Independent)	28,163
Total Units	**99,785**

CONSUMER PROTECTION & INCREASED QUALITY OF RESIDENTIAL CONSTRUCTION

Residential Builders Licenses (New and Renewals)	5,785
Owner Builder Authorizations	2,109
New Homes Enrolled in Home Warranty Insurance	25,552
Homes Adapted through *Home Adaptations for Independence*	355
Research & Education Initiatives**	

* Due to the diverse number of programs delivered by BC Housing, the term unit may refer to a bed, room, apartment or household assisted through a rental subsidy program. Units may differ between programs and/or within programs, depending on the program delivery requirements and available resources.

** The complete range of research and education initiatives carried out through the Homeowner Protection Office can be found online at www.hpo.bc.ca/technical-research-education.

In 2012/13 BC Housing's expenditure totaled $610.2 million to improve housing options for British Columbians. Services provided ranged from housing supports for the most vulnerable to consumer protection and improved quality of residential construction in the private market. In total, 99,785 households were assisted through subsidized housing, an increase of over one thousand from the previous year.

ASSETS AND LIABILITIES

In 2013/14, total financial assets increased 10 per cent. Receivables increased $1.7 million and construction loans increased $40.7 million. The increase in receivables is primarily due to outstanding proceeds from the sale of a Provincial Rental Housing Corporation (PRHC) owned property. The increase in Construction Loans is related to fluctuations in construction activity. During the year, the investment portfolio was rebalanced to reflect changes in associated liabilities and decreased overall investments by $20.1 million. Non-financial assets experienced marginal changes.

Overall, BC Housing's liabilities increased eight per cent over the year. The increase was made up of amounts Due to the PRHC of $21.2 million, Deferred Revenues of $3.2 million, and borrowing from Provincial Treasury of $48.2 million. These increases were offset by decreases in Grants Received in Advance of Construction of $4.1 million through the *Canada/BC Investment in Affordable Housing* agreement and Social Housing Agreement Reserves of $1.5 million.

Summary of Financial Results and Budget Projections – 2009/10 to 2016/17

(in thousands of dollars)

	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2013/14 Budget	Budget Variance	Year Variance	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Revenues											
Provincial Share*	390,738	481,472	474,031	421,312	384,632	392,101	(7,469)	(36,680)	419,498	429,817	431,696
Federal Share	165,245	223,423	239,501	178,251	160,070	167,743	(7,673)	(18,181)	188,624	175,087	147,152
Other**	64,640	59,168	56,074	57,017	65,454	54,571	10,883	8,437	52,687	53,236	54,323
Total Revenues	**620,623**	**764,063**	**769,606**	**656,580**	**610,156**	**614,415**	**(4,259)**	**(46,424)**	**660,809**	**658,140**	**633,171**
Expenditures											
Housing Subsidies	400,553	552,307	555,173	436,519	388,236	393,290	(5,054)	(48,283)	409,056	404,980	378,711
Rental Assistance	73,334	76,716	82,327	86,510	90,428	91,200	(772)	3,918	117,797	117,822	117,900
Salaries and Labour	43,664	48,553	48,618	49,724	50,251	51,103	(852)	527	51,120	51,120	51,120
Operating Expenses	37,317	25,624	22,961	22,440	22,383	20,652	1,731	(57)	22,762	23,250	23,963
Building Maintenance	14,428	12,924	12,223	14,503	12,490	12,306	184	(2,013)	12,755	13,010	13,140
Building Modernization and Improvement	18,421	11,864	11,866	10,510	9,512	10,212	(700)	(998)	10,942	11,005	11,071
Office Overhead	7,240	9,005	8,422	8,983	10,014	9,642	372	1,031	9,508	9,777	9,850
Building Mortgage Costs	8,856	8,718	8,718	8,718	8,672	8,672	-	(46)	8,533	8,533	8,533
Utilities	9,389	8,873	8,459	8,427	8,571	8,379	192	144	9,226	9,381	9,544
Grants in lieu of Property Taxes	7,326	7,806	7,606	7,694	6,687	7,446	(759)	(1,007)	7,597	7,749	7,826
Research and Education	-	1,071	2,152	1,667	2,114	913	1,201	447	913	913	913
Interest Expenses	69	552	1,027	843	770	600	170	(73)	600	600	600
Total Expenditures	**620,597**	**764,013**	**769,552**	**656,538**	**610,128**	**614,415**	**(4,287)**	**(46,410)**	**660,809**	**658,140**	**633,171**
Surplus from operations	**26**	**50**	**54**	**42**	**28**	-			-	-	-
Total Liabilities	53,026	110,475	140,919	82,234	130,433	130,919	(486)	48,199	142,919	142,919	142,919
Accumulated surplus from operations***	1,499	2,115	2,169	2,211	2,239	2,211	28	28	2,211	2,211	2,211
Capital Expenditures	6,610	3,595	4,772	5,531	3,041	5,000	(1,959)	(2,490)	5,000	5,000	5,000

* In 2013/14 this includes $358.1 million provided directly by the provincial government to BC Housing, $12.0 million from the *Housing Endowment Fund*, $5.4 million from the Provincial Rental Housing Corporation, and $9.1 million through other provincial partnering ministries.

** This includes tenant rent and revenues from other sources.

*** Change in Accumulated Surplus from Operations in 2010/11 is due to the transfer of the Homeowner Protection Office to BC Housing.

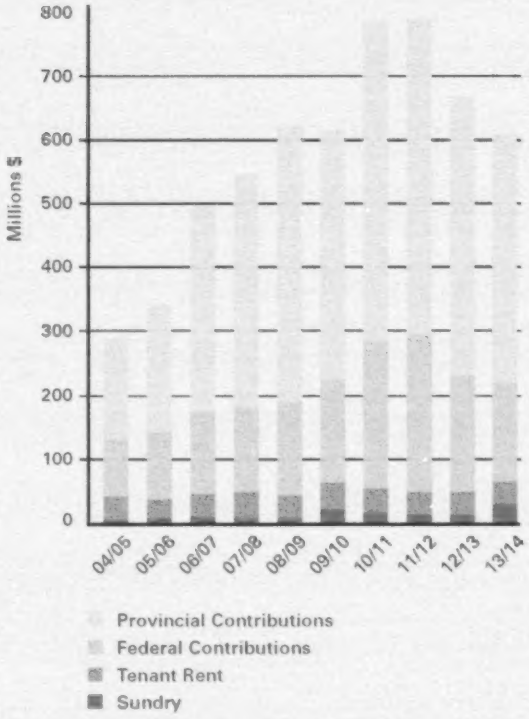
REVENUES

The chart on page 48 shows BC Housing's actual and forecasted revenues and expenditures from 2009/10 to 2016/17. In 2013/14, revenues totalled $610.2 million. This is $46.4 million, or 7.1 per cent lower than the previous year. This net decrease reflects changes in provincial and federal contributions and other revenues.

Provincial contributions decreased by $36.7 million from the previous year. The change is primarily due to a decrease of $29.2 million as a result of the completion of new construction and renovations of Crown-owned infrastructure funded from capital grant initiatives. As well, other ministry contributions decreased by $7.4 million primarily due to the one-time funding received in the prior year from the Ministry of Children and Family Development to help construct projects on their behalf. Other adjustments were offset by increased contributions from the Provincial Rental Housing Corporation to fund the operating and support costs for newly completed *Memoranda of Understanding* (MOU) with local government projects.

Federal contributions decreased by $18.2 million from the previous year. The adjustments are primarily due to the completion of construction and renovation projects receiving capital grants including: $10.8 million under the *Investment in Affordable Housing* agreement, $3.6 million under Canada's Economic Action Plan, and $4.2 million for major repairs under the Social Housing Agreement. Other adjustments include expired operating agreements which contributed to a decrease of $1.8 million and an increase of $2.1 million of one-time funding from the Mental Health Commission of Canada and Services Canada.

Revenue – 2004/05 to 2013/14



Other revenue adjustments include a decrease to tenant rent revenues of $2.4 million as a result of the transfer of projects from the Rural and Native Housing program to Aboriginal housing providers and the realization of $10.2 million investment earnings as a result of strong financial markets and the sale of investments.

Overall, revenues in 2013/14 were $4.3 million, less than one per cent, below the budget as published in BC Housing's 2013/14 Revised Service Plan.

The graph above shows the change in revenues over the last ten years. Ongoing funding to provide housing subsidies has grown consistently over this timeframe. Capital funding for renovations and new construction is the primary reason for the overall variances. Funding for these initiatives are committed based on individual project construction schedules, the timing of which fluctuates from year to year.

PROGRAM EXPENDITURES

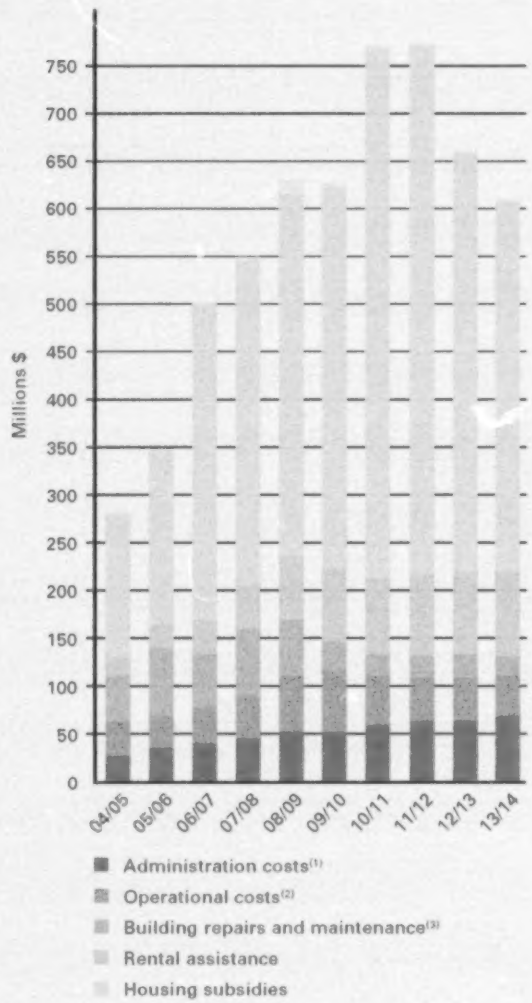
The chart on page 48 shows expenditures totalled $610.1 million in 2013/14. This was $46.4 million, or 7.1 per cent, lower than the previous year.

The primary reason for the lower costs in 2013/14 is a $48.3 decrease in Housing Subsidies. Grants, the majority of which were provided for capital initiatives, were $57.8 million lower than the previous year mainly due to the completion of projects funded by federal and provincial grant initiatives. This decrease was offset by increased operating and support subsidies for newly completed MOU projects. The transfer of the Rural and Native Housing portfolio to Aboriginal non-profit housing providers in 2013/14 shifted the recording of various operating expenditures (such as Building Maintenance, Operating Expenses, etc.) to Housing Subsidies to reflect the change in ownership.

The overall lower expenditures were partially offset by an increase to Rental Assistance of $3.9 million due to an increase in the number of clients and monthly assistance required for the *Shelter Aid for Elder Renters* and *Rental Assistance Program*, as well as the transfer of the federally funded At-Home program to BC Housing in 2013/14.

The graph to the right shows the change in expenditures over the last ten years. Total expenditures have more than doubled over this period. During this time frame, BC Housing added approximately 44,100 new households to our housing portfolio.

Expenditures – 2004/05 to 2013/14



Notes:

(1) Adminstration Costs – Salary and Labour and Office Overhead;

(2) Operational Costs – Operating Expenses, Building Mortgage Costs, Utilities, and Grant in Lieu of Property Taxes;

(3) Building Repair and Maintenance – Building Maintenance and Building Modernization and Improvement costs;

(4) Other - Interest Expenses.

The most significant area for the growth in expenditures is to Housing Subsidies. Ongoing funding to non-profit housing providers has grown consistently over the last ten years as new housing programs were introduced and additional housing projects became operational. As mentioned in the revenue section, time limited capital initiatives for renovations and new construction vary from year to year and are the primary reason for the fluctuations in Housing Subsidies and to expenditures overall.

Other changes to expenditures over the last ten years include an increase to Rental Assistance due to growth in the number of clients receiving this assistance, and an increase to BC Housing's Operational Costs from 2007/08 through 2009/10. The increase to Operational Costs reflects the operating and support costs of the single room occupancy hotels. In 2010/11, funding was shifted from Operational Costs to Housing Subsidies due to a change in accounting policy.

It was also in 2010/11 that the Homeowner Protection Office joined BC Housing which resulted in increased overall Administration Costs. These costs have otherwise remained constant.

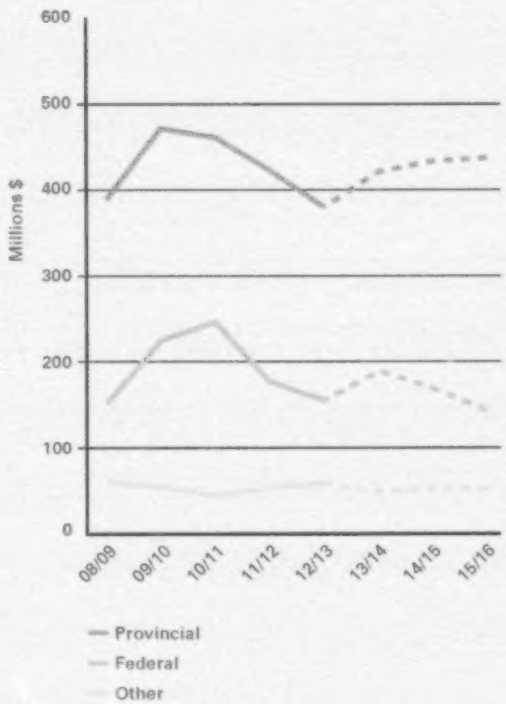
Finally, while Building Repairs and Maintenance trended upwards from 2004/05 through 2008/09 and dropped in subsequent years, BC Housing has continued to invest in major capital improvements to its aging social housing stock through capital grants provided under Housing Subsidies.

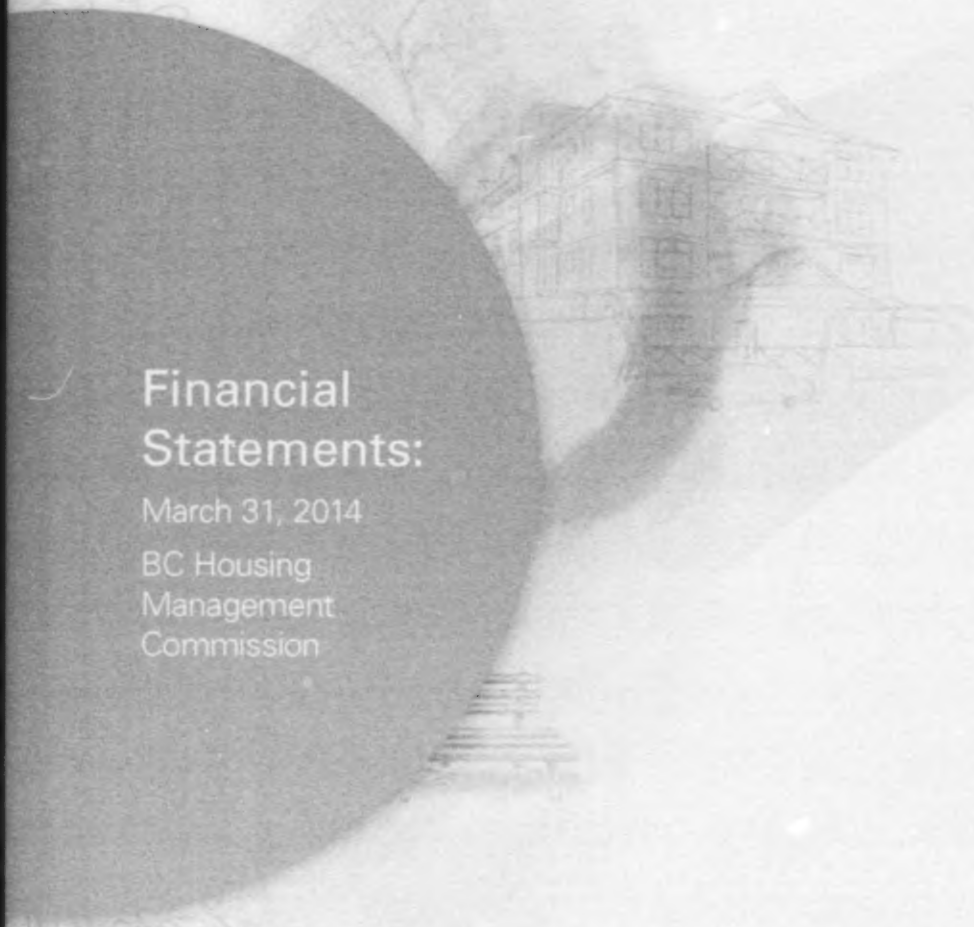
FUTURE OUTLOOK

BC Housing's 2014/15 forecasted operating budget is $660.8 million. This is an increase of $46.4 million compared to the 2013/14 budget and is attributed to increased subsidy requirements for newly completed MOUs, additional capital contributions for MOUs under construction, funding for BC Housing's public-private partnership to renew single room occupancy hotels in Vancouver's Downtown Eastside and the extension of the *Canada/BC Investment in Affordable Housing* (IAH) agreement which will provide $150 million over the next five years to help facilitate affordable housing programs for B.C. residents. The forecast decreases from $660.8 million in 2014/15 to $658.1 million and $633.2 million in 2015/16 and 2016/17 respectively.

Through cost-saving sustainability initiatives and streamlined program delivery models, BC Housing has developed strategies to manage expenditure growth, contain costs, and maximize the effectiveness of our programs.

Revenues





Financial Statements:

March 31, 2014

BC Housing Management Commission

Statement of Management Responsibility

British Columbia Housing Management Commission

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 21, 2014. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations and cash flows in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Commissioners, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of an external auditor to the Board of Commissioners. The external auditor has full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Shayne Ramsay
Chief Executive Officer

Dan Maxwell
Vice President of Corporate Services and Chief Financial Officer

Independent Auditor's Report

British Columbia Housing Management Commission

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TO THE BOARD OF COMMISSIONERS OF BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

We have audited the accompanying financial statements of the British Columbia Housing Management Commission which comprise the Statement of Financial Position as at March 31, 2014 and the Statements of Operations, Change in Net Debt, Remeasurement Gains and Losses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly in all material respects, the financial position of the British Columbia Housing Management Commission as at March 31, 2014, and the results of its operations, change in net debt, remeasurement gains and losses and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Vancouver British Columbia
May 21, 2014

Statement of Financial Position

British Columbia Housing Management Commission

	March 31 2014 ($000's)	March 31 2013 ($000's)
FINANCIAL ASSETS		
Cash	$ 2,494	$ 4,610
Portfolio investments (Note 3)	87,210	107,320
Receivables	17,158	15,466
Due from Province of British Columbia (Note15)	834	386
Due from Canada Mortgage and Housing Corporation (Note15)	17,301	18,938
Construction loans to housing projects (Note 4)	178,426	137,732
Mortgages receivable (Note 5)	10,297	1,391
	313,720	285,843
LIABILITIES		
Accounts payable and accrued liabilities	35,242	35,347
Deferred revenue (Note 6)	61,286	57,725
Due to Provincial Rental Housing Corporation (Note 7)	26,763	47,976
Tenants' prepaid rent	956	1,118
Due to Provincial Treasury	130,433	82,234
Society funds held on deposit (Note 8)	18,600	17,499
Grants received in advance of construction (Note 9)	56,546	60,592
Social Housing Agreement Reserves (Note 10)	7,468	9,099
	337,294	311,590
NET DEBT	(23,574)	(25,747)
NON-FINANCIAL ASSETS		
Prepaid expenses and housing subsidies	26,502	25,925
Tangible capital assets (Note 11)	10,388	11,392
	36,890	37,317
ACCUMULATED SURPLUS	13,316	11,570
Accumulated surplus is comprised of:		
Accumulated surplus from operations	2,239	2,211
Accumulated remeasurement gains	11,077	9,359
	$ 13,316	$ 11,570

Commitments (Note 14) • Contingencies (Note 16)

On behalf of the Board

Jacqy Rosen *Chair*

See accompanying notes to the financial statements

Statement of Operations

British Columbia Housing Management Commission

	2014 Budget (Note 12) ($000's)	2014 Actuals ($000's)	2013 Actuals ($000's)
REVENUE			
Provincial contributions	$ 392,101	$ 384,632	$ 421,312
Federal contributions	167,743	160,070	178,251
Tenant rent	37,602	36,697	39,115
Other	13,869	17,155	16,305
Portfolio investment income (Notes 2 & 3)	3,100	11,602	1,597
	614,415	610,156	656,580
EXPENSES			
Housing subsidies	393,290	388,236	436,519
Rental assistance	91,200	90,428	86,510
Salaries and labour	51,103	50,251	49,724
Operating expenses	20,652	22,383	22,440
Building maintenance	12,306	12,490	14,503
Office and overhead	9,642	10,014	8,983
Building modernization and improvement	10,212	9,512	10,510
Building mortgage costs	8,672	8,672	8,718
Utilities	8,379	8,571	8,427
Grants in lieu of property taxes (Note 13)	7,446	6,687	7,694
Research and Education	913	2,114	1,667
Interest expense	600	770	843
	614,415	610,128	656,538
Annual surplus from operations		28	42
ANNUAL SURPLUS FROM OPERATIONS		28	42
Accumulated surplus from operations, beginning of year		2,211	2,169
Accumulated surplus from operations, end of year		$ 2,239	$ 2,211

See accompanying notes to the financial statements

Statement of Cash Flows

British Columbia Housing Management Commission

Year Ended March 31	2014 ($000's)	2013 ($000's)
Cash flows provided by (used in)		
OPERATING TRANSACTIONS		
Annual surplus from operations	$ 28	$ 42
Adjustments to determine cash flows:		
Change in non-cash working capital	2,214	25,754
Depreciation	4,045	5,041
	6,287	30,837
CAPITAL TRANSACTIONS		
Tangible Capital asset additions	(3,041)	(5,531)
INVESTING TRANSACTIONS		
Construction loans provided to housing projects	(40,694)	47,450
Portfolio investments	23,398	(1,597)
Mortgages receivable	(8,906)	(900)
	(26,202)	44,953
FINANCING TRANSACTIONS		
Grants received in advance of construction	(4,046)	15,905
Due to Provincial Treasury	48,199	(58,685)
Payments to Provincial Rental Housing Corporation	(21,213)	(10,825)
Social Housing Agreement Reserves	(3,201)	(7,352)
Society funds held on deposit	1,101	(6,140)
	20,840	(67,097)
Increase (decrease) in cash	(2,116)	3,162
Cash, beginning of year	4,610	1,448
Cash, end of year	$ 2,494	$ 4,610

See accompanying notes to the financial statements

Statement of Remeasurement Gains and Losses

British Columbia Housing Management Commission

Year Ended March 31	2014 ($000's)	2013 ($000's)
Accumulated remeasurement gains, beginning of year	$ 9,359	$ 2,573
Gains realized and released to income statement	(8,166)	-
Unrealized gains attributable to portfolio investments	9,884	6,786
Net remeasurement gains for the year	1,718	6,786
Accumulated remeasurement gains, end of year	$ 11,077	$ 9,359

See accompanying notes to the financial statements

Statement of Change in Net Debt

British Columbia Housing Management Commission

Year Ended March 31	Budget ($000's)	2014 ($000's)	2013 ($000's)
	(note 12)		
ANNUAL SURPLUS FROM OPERATIONS		$ 28	$ 42
Net remeasurement gains (losses)		1,718	6,786
		1,746	6,828
Depreciation of tangible capital assets		4,045	5,041
Acquisition of tangible capital assets	(5,000)	(3,041)	(5,531)
	(5,000)	1,004	(490)
Acquisition of prepaid expenses and housing subsidies		(293,039)	(286,590)
Use of prepaid expenses and housing subsidies		292,462	285,599
		(577)	(991)
Changes in net debt for the year		2,173	5,347
NET DEBT, BEGINNING OF YEAR		(25,747)	(31,094)
NET DEBT, END OF YEAR		$ (23,574)	$ (25,747)

See accompanying notes to the financial statements

Notes to the Financial Statements

British Columbia Housing Management Commission

1. GENERAL

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing new social housing under Provincial Housing Programs administering the Province's *Shelter Aid for Elderly Renters* program, *Rental Assistance Program*, licensing of builders, overseeing the third-party home warranty insurance system; and administering a variety of other federal and/or provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by housing sponsors. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a co-ordinated, cost-effective manner. The Commission is exempt from federal and provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Province of British Columbia, Ministry of Finance regulation 688-2010 that requires taxpayer-supported organizations to adopt Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

Use of Estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimating the useful life of capital assets and the write-down of proposal development advances require the greatest degree of estimation. Actual results could differ from those estimates.

Revenue Recognition

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Tenant Rent Revenue

Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Tangible Capital Assets

Tangible capital assets are recorded at cost and depreciated over their estimated useful lives.

Desktop applications and computer hardware are depreciated on a three year amortization period. Server applications and communications hardware and components are depreciated on a five year amortization period. Enterprise applications are depreciated on a ten year amortization period. All other capital assets are depreciated over a five year amortization period.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee Benefit Plans

The employees and employers of the public service contribute to the Public Service Pension Plan (the Plan), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has approximately 56,000 active plan members and approximately 37,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31, 2011, indicated an actuarial deficit of $275 million for basic pension benefits. The next valuation will be as at March 31, 2014 with results available in early 2015. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid $3,768,026 for employer contributions to the Plan in fiscal 2014 (2013: $3,753,462).

Financial Instruments

The Commission's financial instruments consist of cash, portfolio investments, receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit. These financial instruments are accounted for as follows:

Portfolio Investments

Portfolio investments are recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Realized gains and losses are recognized in the operating statement and unrealized gains/losses from changes in fair value are recorded in the statement of remeasurement gains and losses.

Other Financial Instruments

All other financial instruments are recorded on the cost or amortized cost basis using the effective interest rate method where appropriate.

3. PORTFOLIO INVESTMENTS

BC Housing invests funds held on behalf of non-profit housing providers, funds for specifics reserves and funds provided by ministries for specific housing projects. These investments are held in pooled investments and managed by two investment management firms. Income derived under the investments are reinvested into the portfolio. An investment committee meets periodically to review the performance of the fund managers and ensure compliance with the BC Housing investment policy. Quarterly reports are provided to the Board. The investment policy has the following asset target components: 40% Fixed Income, 30% Canadian Equity; and 30% International Equity. The market yield over fiscal 13/14 was 13.9%.

4. CONSTRUCTION LOANS TO HOUSING PROJECTS

In its capacity as a *National Housing Act* approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. The average period of construction financing can range from 18 months to over two years. Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs.

5. MORTGAGES RECEIVABLE

The Commission periodically continues to hold construction financing mortgages receivable after construction completes. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. These mortgages are secured by property and bear interest of up to 3.95% and generally are repaid within a year.

6. DEFERRED REVENUE

These funds are restricted contributions received in advance of related expenditures that are incurred in the following fiscal year.

	2013 ($000's)	Contributions Received ($000's)	Revenue Recognized ($000's)	**2014 ($000's)**
Provincial Contributions	$ 37,843	$ 363,597	$ (370,540)	**$ 30,900**
Canada Mortgage and Housing Corporation	17,043	166,253	(154,817)	**28,479**
Other Agencies	2,839	2,426	(3,358)	**1,907**
	$ 57,725	$ 532,276	$ (528,715)	**$ 61,286**

The Social Housing Agreement Reserves (Note 10) represent further restricted contributions from Canada Mortgage and Housing Corporation of a long term nature.

7. DUE TO PROVINCIAL RENTAL HOUSING CORPORATION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment. Provincial Rental Housing Corporation (PRHC) is a Crown corporation managed by the Commission.

8. SOCIETY FUNDS HELD ON DEPOSIT

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the Province's weighted average borrowing rate for short term funds.

9. GRANTS RECEIVED IN ADVANCE OF CONSTRUCTION

The Commission receives funds from the Province and Canada Mortgage and Housing Corporation (CMHC), the use of which is restricted to the construction of specific social housing projects.

	2013 ($000's)	Grants received ($000's)	Construction costs incurred ($000's)	2014 ($000's)
Project Grants	$ 11,817	$ 4,849	$ (5,145)	$ 11,521
Provincial Economic Stimulus Fund	-	7,614	(7,614)	-
Provincial FCI Fund	-	4,696	(4,696)	-
Provincial CAII Fund	-	9,851	(9,851)	-
CMHC - IAH	27,588	19,846	(12,680)	34,754
CMHC - SHA	14,583	3,160	(8,222)	9,521
Ministry - Other	6,605		(5,855)	750
	$ 60,593	$ 50,516	$ (54,063)	$ 56,546

10. SOCIAL HOUSING AGREEMENT RESERVES

The funds are available to offset future cost increases in the federal social housing portfolio due to inflation and changes in interest rates, or losses on loans owing by third parties. The funds are restricted under the Social Housing Agreement (SHA) and may only be used for housing within the SHA portfolio.

	2014 ($000's)	2013 ($000's)
Balance, beginning of year	$ 9,099	$ 16,341
Funds applied	(3,160)	(7,320)
Investment income	1,529	78
Balance, end of year	$ 7,468	$ 9,099

11. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	2014 ($000's) Net Book Value	2013 ($000's) Net Book Value
Computer software	$ 38,608	$ 29,492	$ 9,116	$ 9,711
Computer hardware	4,353	4,091	262	68
Tenant improvements	9,598	8,994	604	961
Office furniture	3,072	2,905	167	304
Office equipment	639	624	15	20
Vehicles	1,052	876	176	224
Grounds equipment	496	448	48	104
	$ 57,818	$ 47,430	$ 10,388	$ 11,392

12. BUDGET FIGURES

Budgeted figures are provided for comparative purposes are consistent with the 2013/14 Service Plan budgeted figures that were released in early 2013.

13. GRANTS IN LIEU OF PROPERTY TAXES

The Commission, on behalf of the Province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

14. COMMITMENTS

a) Rental Obligations

The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	($000's)
2015	$ 4,606
2016	4,436
2017	4,525
2018	2,025
2019	706

b) Contractual Obligations

The Commission has significant contractual obligations with not for profit housing societies for the provision of annual subsidies. The current annual subsidy is $330,446,000 with a forecasted amount $233,317,000 in 5 years. These contracts are reviewed annually to evaluate the level of commitment.

c) Public-Private Partnership Commitments

The Commission has entered into a public-private partnership project (P3) with Habitat Housing Initiative (HHI) to renovate thirteen Single Room Occupancy Hotels in Vancouver's Downtown Eastside. The information provided below shows the anticipated cash outflow, net of federal contributions provide during construction, for future obligations under the contract with HHI for the capital cost and financing, the facility maintenance and lifecycle costs as defined in the Project Agreement. Payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

As construction progresses, the asset values are recorded as capital assets and the obligation is recorded as a liability and included in long-term debt in the Provincial Rental Housing Corporation (see Note 15). Upon construction completion, the obligation will be met through the capital component of the monthly service payments over the term of the Project Agreement that is provided by the Commission.

14. COMMITMENTS *(continued)*

c) Public-Private Partnership Commitments *(continued)*

	Capital ($000's)	Facility Maintenance and Lifecycle ($000's)	Total Payments ($000's)
2015	$ 2,070	$ 474	$ 2,544
2016	6,280	1,219	7,499
2017	9,389	1,941	11,330
2018	9,388	2,183	11,571
2019	9,388	3,167	12,555
Thereafter	111,097	36,060	147,157
Total	$ 147,612	$ 45,044	$ 192,656

d) Loan Insurance Agreement

CMHC provides loan insurance under the National Housing Act, to assist the Commission in securing mortgages for PRHC and not for profit housing providers. In the event of a loan default, the Commission is required to rectify the default and fully reimburse CMHC for claims paid to approved lenders. Since the establishment of this agreement in January 1993, there has never been a claim made under this agreement. The Commission underwrites these mortgages in accordance with CMHC guidelines for multi-unit properties, places charges on title to ensure access to property and requires housing providers to have an operating agreement with the Commission ensuring ongoing access to financial information.

The maximum value of mortgages that can be insured under this agreement is $2.5 billion. As of March 31, 2014, the total value of outstanding CMHC insured mortgages was $1,563,018,482 (2013: $1,547,808,122). There is no claim expected on this portfolio and the Corporation has not recorded a provision for loss.

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Commission periodically invoices the provincial government and federal/provincial crown agencies under various funding arrangements or agreements for social housing programs. Funds are due on receipt of the invoice and bear no interest.

These statements do not include the capital cost of projects owned by PRHC. Separate financial statements are prepared for PRHC which is a Crown corporation managed by the Commission.

16. CONTINGENCIES

Letters of Guarantee

As at March 31, 2014, the Commission was contingently liable with respect to letters of guarantee totalling $708,212 for municipal development cost charges.

Legal Claims

The nature of the Commission's activities is such that there will be litigation pending or in progress at any time. With respect to claims at March 31, 2014, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Commission's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement.

17. FINANCIAL INSTRUMENT RISKS

The Commission, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2014.

a) Credit Risk

Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and short term investments, accounts receivable, mortgage receivables and construction loans. The Commission has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Commission has also retained two qualified investment firms to invest surplus funds in accordance with its investment policy. The majority of receivables are due from federal and provincial agencies. Mortgage receivables are secured by property and are generally held for short periods (Note 5). Construction loans are also secured by property and repaid at substantial completion of project (Note 4).

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, but these loans are short term. Investments bear some interest rate risk but these risks are mitigated through the diversification of the portfolio.

c) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

d) Liquidity Risk

Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

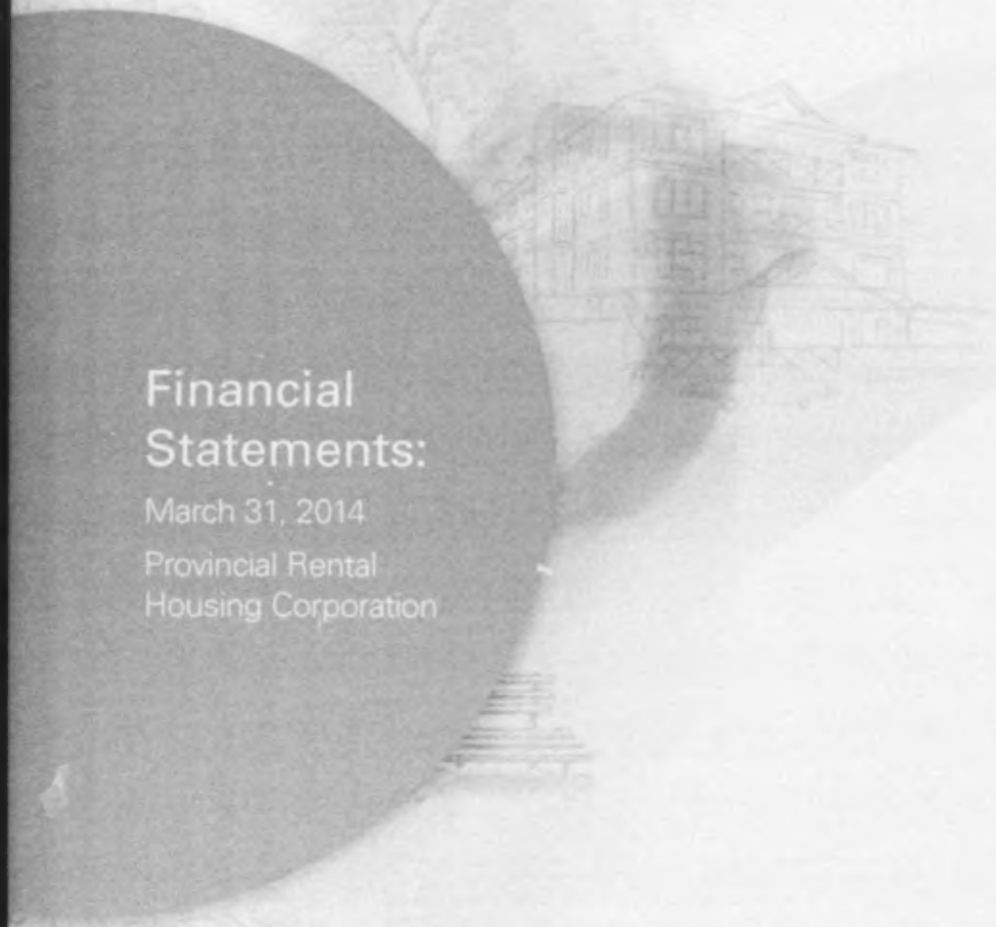
18. CAPITAL DISCLOSURES

The Commission considers its capital to be its accumulated surplus. Its accumulated surplus consist of amounts invested in tangible capital assets, prepaid expenses and housing subsidies, and net debt (Note 11). The Commission's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services. Annual budgets are developed and monitored to ensure the Commission's capital is maintained at an appropriate level.

As a Crown corporation, the Commission cannot incur an annual or cumulative deficit without the prior approval of the Minister of Energy and Mines (Minister Responsible for Housing).

19. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.



Financial Statements:

March 31, 2014

Provincial Rental Housing Corporation

Statement of Management Responsibility

Provincial Rental Housing Corporation

The financial statements of the Provincial Rental Housing Corporation (the Corporation) are the responsibility of management and have been prepared in accordance with public sector accounting standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 21, 2014. The financial statements have also been reviewed and approved by the Board of Directors.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Board of Directors.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Corporation's financial position, results of operations, changes in net assets and cash flows in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Board of Directors reviews internal financial statements quarterly and external audited financial statements annually. The external auditor has full and open access to financial management of the Corporation and meets when required.

Shayne Ramsay
Chief Executive Officer

Dan Maxwell
Vice President of Corporate Services and Chief Financial Officer

Independent Auditor's Report

Provincial Rental Housing Corporation

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TO THE SHAREHOLDER OF PROVINCIAL RENTAL HOUSING CORPORATION

We have audited the accompanying financial statements of the Provincial Rental Housing Corporation, which comprise the Statement of Financial Position as at March 31, 2014 and the Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

EMPHASIS OF MATTER

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 13 to the financial statements discloses the impact of these differences.

BDO Canada LLP

Chartered Accountants

Vancouver British Columbia
May 21, 2014

Statement of Financial Position

Provincial Rental Housing Corporation

	March 31 2014 ($000's)	March 31 2013 ($000's)
FINANCIAL ASSETS		
Cash	$ 1	$ 1
Debenture subsidy receivable	866	878
Due from BC Housing Management Commission (Note 3)	26,763	47,976
Long Term Receivable (Note 5)	258,976	-
Loan receivables (Note 4)	6,143	10,489
Due from Federal Government (Note 10)	9,444	3,263
	302,193	62,607
LIABILITIES		
Interest payable	446	470
Property sale deposit (Note 5)	-	30,000
Deferred contributions (Note 6)	586,169	588,328
Unearned lease revenue	79,679	81,730
Long-term debt (Note 8)	210,943	212,685
	877,237	913,213
NET DEBT	(575,044)	(850,606)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	1,139,436	1,119,651
ACCUMULATED SURPLUS	$ 564,392	$ 269,045

Commitments (Note 10)

On behalf of the Board

Director *Director*

See accompanying notes to the financial statements

Statement of Operations

Provincial Rental Housing Corporation

Year Ended March 31	2014 ($000's)	2013 ($000's)
REVENUE		
Directly managed debenture subsidy	$ 8,740	$ 13,161
Contribution revenue	38,264	39,749
Group home mortgage subsidy	8,921	9,053
Gain on sale of property (note 5)	291,074	-
Lease revenue	2,126	2,126
Other income	4,068	-
	353,193	64,089
EXPENSES		
Depreciation	37,696	36,780
Interest on long-term debt	8,462	10,550
Social Housing grant and subsidy	9,733	5,172
Group home and self insurance claims	1,955	2,244
Loss on sale or property	-	1,267
	57,846	56,013
ANNUAL SURPLUS FROM OPERATIONS	295,347	8,076
Accumulated surplus from operations, beginning of year	269,045	260,969
Accumulated surplus from operations, end of year	$ 564,392	$ 269,045

See accompanying notes to the financial statements

Statement of Change in Net Debt

British Columbia Housing Management Commission

Year Ended March 31	2014 ($000's)	2013 ($000's)
ANNUAL SURPLUS	$ 295,347	$ 8,076
Acquisition of tangible capital assets	(62,177)	(84,976)
Depreciation of tangible capital assets	37,696	36,780
Disposal of tangible capital assets	4,696	24,581
	(19,785)	(23,615)
Changes in net debt for the year	275,562	(15,539)
NET DEBT, BEGINNING OF YEAR	(850,606)	(835,067)
NET DEBT, END OF YEAR	$ (575,044)	$ (850,606)

See accompanying notes to the financial statements

Statement of Cash Flows

Provincial Rental Housing Corporation

Year Ended March 31	2014 ($000's)	2013 ($000's)
Cash flows provided by (used in)		
OPERATING TRANSACTIONS		
Annual surplus from operations	$ 295,347	$ 8,076
Adjustments to determine cash flows:		
Depreciation	37,696	36,780
Amortization of deferred contributions	(38,264)	(39,749)
Gain on sale of property	(291,074)	-
Amortization of unearned lease revenue	(2,051)	(2,051)
Change in non-cash working capital	(1,847)	(8,774)
	(193)	(5,718)
CAPITAL TRANSACTIONS		
Property acquisitions	(62,177)	(71,925)
Proceeds on sale of property	295,770	24,581
	233,593	(47,344)
FINANCING TRANSACTIONS		
Deferred contributions	36,105	63,929
New long term debt financing	36,339	7,343
Due from BC Housing Management Commission	21,213	10,825
Property sale deposit	(30,000)	10,000
Long-term debt repayment	(38,081)	(39,010)
Long-term Receivable	(258,976)	-
Funding in advance of construction	-	(25)
	(233,400)	53,062
Increase in cash	-	-
Cash, beginning of year	1	1
Cash, end of year	$ 1	$ 1

See accompanying notes to the financial statements

Notes to the Financial Statements

Provincial Rental Housing Corporation

1. GENERAL

The Provincial Rental Housing Corporation was incorporated under the *Company Act* of the Province of British Columbia in 1961. The Corporation is wholly owned by the Province, and is an agent of the Crown. The Corporation is exempt from federal and provincial income taxes.

The Corporation holds property for social and other low cost housing for the Province. It also holds land under long-term leases to housing sponsors. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the "Commission"), which is a Crown agency that records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. Separate financial statements are prepared for the Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with section 23.1 of the Budget Transparency and Accountability Act of the Provincial of British Columbia. This section requires that the financial statements be prepared in accordance with Canadian Public Sector Accounting Standards except in regard to the accounting for government transfers as set out in Note 13. The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) is responsible for establishing Canadian public sector accounting standards.

Use of Estimates

In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The service life of buildings requires the greatest degree of estimation. Actual results could differ from those estimates.

Tangible Capital Assets

a) The Corporation capitalizes its tangible capital assets at cost and depreciates its buildings on the straight-line method as follows:

   Newly constructed buildings are depreciated on a 40 year amortization period. Purchases of older buildings are depreciated over the remaining estimated useful life of the building. Betterments to buildings are depreciated over the extended remaining life of the building. Construction in progress is not subject to depreciation until the project is complete and transferred to buildings.

b) For some social housing projects and group homes, the Province provides grants to the Corporation for a portion of the construction costs.

   From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to various circumstances. The proceeds from these sales are applied against the cost of purchasing alternate sites as appropriate. Any surplus or deficiency resulting from those sales is credited or charged to revenue.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible Capital Assets *(continued)*

c) Capitalization of public-private partnership projects

Public-private partnership (P3) projects are delivered by private sector partners selected to design, build, finance and maintain the assets. The costs of the assets are estimated at fair value, based on construction progress verified by an independent certifier, and also include other costs incurred directly by the Corporation. The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received during the construction term. The interest rate used is the project internal rate of return. Upon completion, the project assets are amortized over their estimated useful lives.

Correspondingly, an obligation net of the contributions received is recorded as a liability and included in long-term debt.

Upon substantial completion, the private sector partner receives monthly payments to cover the partners' operating costs, financing costs and a return of their capital.

Property Leases

The Corporation leases property used for housing projects to housing sponsors. These sixty-year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Deferred Contributions

Funding received from the Province used for acquisition of depreciable capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to depreciation charged on related depreciable capital assets. The requirements of Canadian public sector accounting standards require that government transfers be recognized when approved and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability in which case the transfer is recognized over the period that the liability is extinguished (Note 13).

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to net assets invested in properties when the related assets are acquired.

Government Capital Grants

Consistent with the Province of British Columbia, Ministry of Finance regulation 198/2011 capital grants are recorded as a liability (deferred capital contribution) which is amortized to income over the life of the capital asset being funded.

Financial Instruments

The Corporation's financial instruments consist of debenture subsidy receivable, due from BC Housing Management Commission, cash, long-term receivables, loan receivables, due from federal government, long-term debt, interest payable and property sale deposit. All financial instruments are recorded at cost or amortized cost basis using the effective interest rate method where appropriate.

3. DUE FROM BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set terms of repayment.

4. LOAN RECEIVABLES

PRHC has transferred a number of Rural and Native Housing projects to various Aboriginal Housing Providers over the last two years. These properties were originally transferred to PRHC as part of the devolution of federal housing in 2006 with the intention that they would eventually be transferred to aboriginal management and ownership. Repayable loans are associated with each property, with a total value of $6,143,362 (2013 - $10,487,757). Each loan has different repayment dates with interest rates ranging between 3% to 6%. The final loan is to be repaid in fiscal 2018/19.

5. LONG TERM RECEIVABLE

The Corporation completed the sale of Little Mountain property on July 2nd 2013 for the proceeds of $333.96 million. The terms of the sale required the purchaser to pay deposits of $40 million which were received by the Corporation. As well, the purchaser is required to provide the Corporation with 234 non-market housing units and to pay the balance of the purchase price based on the proportion of the site developed in phases over time. The Corporation has recorded a long term receivable of $258.976 million for the unpaid purchase price. This receivable is equal to the net present value of the expected future payments and the fair value of the 234 social housing units, discounted at 3.25%.

6. DEFERRED CONTRIBUTIONS

	2014 ($000's)	2013 ($000's)
Balance, beginning of year	$ 588,328	$ 560,885
Receipts	32,146	58,968
Amortization	(34,305)	(31,525)
Balance, end of year	$ 586,169	$ 588,328

Deferred contributions are capital grants from the Commission. The grants are for the purchase and/or development of new social housing projects or the major rehabilitation of buildings owned by the Corporation (Notes 2 and 13).

7. RELATED PARTY TRANSACTIONS

a) Insurance

The Corporation does not insure most of its rental housing properties. Instead property losses are compensated by the Province through the Commission and, for certain properties, by CMHC.

b) Directly Managed Debenture Subsidy

Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

7. RELATED PARTY TRANSACTIONS *(continued)*

c) Group Home Mortgage Subsidy

Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d) Administration and Financing

The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

8. LONG-TERM DEBT

	2014 ($000's)	2013 ($000's)
Canada Mortgage & Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2027, bearing interest at rates from 4.35% to 14.25%, and secured by unregistered first mortgages on properties of the Corporation	$ 61,358	$ 65,419
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates up to 10%, and secured by registered first mortgages on properties of the Corporation	103,990	134,215
Public-private partnership obligations SRO Renewal Initiative, 18 year contract to January 2031 with Habitat Housing Initiative, monthly payments including interest at 6.61% per annum, payable in accordance with the project agreement terms commencing July 2014 to a maximum of $782,370	45,595	13,051
	$ 210,943	$ 212,685

The aggregate principal repayments required in each of the next five fiscal years are estimated to be as follows:

	($000's)
2015	$ 52,206
2016	15,930
2017	17,990
2018	22,090
2019	18,735
Thereafter	85,992
	$ 210,943

9. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	**2014 ($000's) Net Book Value**	2013 ($000's) Net Book Value
Land	$ 443,455	$ -	**$ 443,455**	$ 443,754
Buildings	876,333	247,071	**629,262**	599,334
Construction in progress	66,719	-	**66,719**	76,553
	$ 1,386,507	$ 247,071	**$ 1,139,436**	$ 1,119,651

Construction in progress includes $ 54.63 million (2013 – $18.91 million) under the SRO Renewal Initiative project. Costs are based upon the percentage of construction completed as verified by an independent party, and includes other costs incurred by the Corporation. Included in the asset costs of the SRO Renewal Initiative are development and financing fees estimated at fair value. Interest during construction is also included in the asset cost. The interest rate used is the project internal rate of return of 6.61 percent (2013 – 6.64 percent). The amount of interest capitalized is $1,884,503 (2013 - $104,804). Upon completion, the project assets are amortized over their estimated useful lives.

10. COMMITMENTS

The Corporation has entered into a public-private partnership project with Habitat Housing Initiative (HHI) to renovate thirteen Single Room Occupancy Hotels in Vancouver's Downtown Eastside. The information provided below shows the anticipated cash outflow, net of federal contributions (see 10(b)) provided during construction, for future obligations under the contract including the Commissions' annual service payments to HHI for the capital cost and financing, the facility maintenance and lifecycle costs as defined in the Project Agreement. Payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

As construction progresses, the asset values are recorded as capital assets (see note 9) and the obligation is recorded as a liability and included in long-term debt (see note 8). Upon construction completion, the obligation will be met through the capital component of the monthly service payments over the term of the Project Agreement that is provided by the Corporation.

a)

	Capital ($000's)	Facility Maintenance and Lifecycle ($000's)	**Total Payments ($000's)**
2015	$ 2,070	$ 474	**$ 2,544**
2016	6,280	1,219	**7,499**
2017	9,389	1,941	**11,330**
2018	9,388	2,183	**11,571**
2019	9,388	3,167	**12,555**
Thereafter	111,097	36,060	**147,157**
Total	$ 147,612	$ 45,044	**$ 192,656**

10. COMMITMENTS *(continued)*

b) Federal Contributions

Year Ended March 31	Annual Total ($000's)
2015	$ 18,939
2016	10,165
Total	$ 29,104

Federal contributions (P3 Canada) are due to the Corporation at the completion of each building.

11. FINANCIAL INSTRUMENT RISKS

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2014.

a) Credit Risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of the funds due from the Commission (Note 3) and the long-term receivable (note 5).

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to interest rate risk on its long term debt portfolio. The Corporation mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Corporation is also able to mitigate short term interest rate changes through the Commission's ability to borrow directly from the Provincial Treasury.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Commission administers the finances of the Corporation and maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

12. BUDGET

The Corporation does not establish an annual operating budget as the information does not assist the directors in monitoring or evaluating changes in revenues or expenditures. The Corporation operates as a land holding company and does not employ staff. The Corporation's revenues and expenditures are largely fixed in nature. The Commission actively administers the provincial social housing programs and records the revenues and expenditures incurred from the operation of the Corporation's buildings. The Commission is also responsible for initiating decisions around purchases, new developments and the rehabilitation or modernization of the Corporation's properties.

13. IMPACT OF ACCOUNTING FOR GOVERNMENT TRANSFERS IN ACCORDANCE WITH THE BUDGET TRANSPARENCY AND ACCOUNTING ACT

As noted in the significant accounting policies, section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and its related regulations require the Corporation to account for government transfers for capital assets by deferring and amortizing them to income on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be reported in income immediately. If government transfers were accounted for under Canadian public sector accounting standards the impact of this difference on the financial statements of the Corporation is as follows:

a) For the year-ended March 31, 2013, an increase to annual surplus of $37,059,000;

b) for March 31, 2013, an increase to accumulated surplus and a decrease to contributions of $461,028,000;

c) for the year-ended March 31, 2014, an increase to annual surplus of $5,041,000; and

d) for March 31, 2014, an increase to accumulated surplus and a decrease to contributions of $466,069,000.

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Appendix

Appendix – Performance Measure Details

This section outlines the disclosure of key reporting judgments, including data sources, methodology, data reliability, and benchmarks.

All measures in the 2013/14-2015/16 Service Plan have been reported in this Annual Report.

Strategic Priority 1: Support a Strong Non-Profit Housing Sector

MEASURE: REDUCTION IN THE NUMBER OF INDICATORS REQUIRING FOLLOW-UP AFTER AN OPERATIONAL REVIEW

Data Source

- Data is gathered by BC Housing through an operational review process with housing providers
- Measure's baseline year was 2012/13

Methodology

- Operational review process involves four stages:
  1) initial review
  2) on-site visit
  3) development of a work plan
  4) collaborative follow-up stage
- Number of indicators identified determines the follow-ups:
  - 0-5 indicators = high number of completed indicators
  - 6-8 indicators = medium number of completed indicators
  - 9 indicators or higher = low number of completed indicators

Reliability

- Measure will be monitored and results reviewed to ensure follow-ups are completed within identified timeframes
- Quarterly results reported internally

Benchmarks

- Performance is benchmarked internally against past performance

Comments

- Targets were established for this measure following 2012/13 baseline year data collection, with results obtained from more than 200 housing providers

Strategic Priority 2: Respond to Critical Gaps Along the Housing Continuum

MEASURE: NUMBER OF NEW UNITS/BEDS CREATED IN PRIORITY GROUPS

Data Source

- Data gathered through BC Housing's information systems on new units/beds created under current funding programs

Methodology

- Includes units or beds funded by BC Housing which have reached completion and/or ready for occupancy during the reporting period, and also includes new rent supplement units established

Reliability

- Results may be influenced by:
  - changes in programs or funding levels
  - complexity of the development process affecting timing

Benchmarks

- Performance is benchmarked internally against past performance

Comments

The table below provides a breakdown of the1,557 units across the housing continuum:

Homeless Sheltered	Homeless Housed	Homeless Rent Supp	Special Needs	Frail Seniors	Women and Children	Low Income Seniors	Low Income Families	Total
36	793	126	118	4	4	329	147	1,557

- Targets for 2014/15 – 2016/17 were adjusted based on current forecasting and trends to reflect the completion of units under existing funding programs

Strategic Priority 2: Respond to Critical Gaps Along the Housing Continuum *(continued)*

MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

Data Source

- Data gathered through BC Housing's internal information systems on the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* program

Methodology

- Analysis of summary data on those clients who received a subsidy under the *Rental Assistance Program*, or *Shelter Aid for Elderly Renters* during the reporting period
- Number of new households in the *Rental Assistance Program* or *Shelter Aid for Elderly Renters* who received a rent subsidy during the relevant reporting period

Reliability

- Based on past performance
- Applicants are required to re-apply on an annual basis to ensure they are still eligible for the relevant program
- Analysis is completed on the data to mitigate the possibility of including clients not receiving a subsidy within the defined reporting period

Benchmarks

- Performance is benchmarked internally against past performance
- No external benchmark available

Comments

- New household is defined as a household that is:
  - receiving rent subsidies for the first time; or
  - re-entering the relevant program after a minimum of three months without any subsidy
- Households' eligibility status is monitored to ensure they remain eligible for subsidies under the relevant program
- It is anticipated there will be continued strong demand among households eligible for assistance
- It is expected that take-up for the *Rental Assistance Program* will remain strong
- This measure will no longer be reported in the Annual Report, but will continue to be monitored internally

Strategic Priority 2: Respond to Critical Gaps Along the Housing Continuum *(continued)*

MEASURE: PER CENT OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

Data Source

- Data gathered through BC Housing's information systems on programs that assist those considered to be in greatest need

Methodology

- Calculated by taking the current inventory of subsidized housing and determining the percentage of units that are available for each of the designated priority groups
- Clients using either the *Rental Assistance Program* and *Shelter Aid for Elderly Renters* program are excluded from this measure

Reliability

- A review of the methodology was undertaken to provide further clarity around the mix of "housing units" and "people" counted within the measure
- Diversity of clients and range of services present significant challenges to this measure
- Each of the programs report independently to monitor any changes at the program level
- Reporting difficulties will occur if a person is housed under a service program but the housing unit is funded by a different program
- This will result in both the person and the housing unit being counted, and this is estimated to occur in 12 per cent of clients for 2013/14

Benchmarks

- Performance is benchmarked internally against past performance
- No external benchmark is available

Comments

- This measure will no longer be reported in the Annual Report
- It will continue to be monitored and reported internally
- This measure is influenced by a number of factors, including:
  - projected number of households in government-assisted housing within one of the designated priority groups; and,
  - anticipated number of new and acquired housing units, all of which are targeted priority groups

MEASURE: PER CENT OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

Data Source

- Data gathered through the Homelessness Services System (HSS) database
- Information is captured about homeless people who receive services through the *Emergency Shelter Program*, the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program* and the *Homeless Rent Supplement Program*

Methodology

- Measure calculates the percentage of persons where follow-up was completed, housing status was verified, and where they have remained housed for six consecutive months
- Process for gathering information involves a number of steps:
  - Individuals who have consented to follow-up at the six-month anniversary of being housed are contacted by an outreach worker
  - The outreach worker identifies whether or not the individual is housed either at the original location or at a different location, or is no longer housed
  - The population whose housing status has been verified (as either housed or no longer housed) is reported in this measure

Reliability

- Measurement is based upon those clients:
  - whose housing status is recorded in the database system by the outreach and shelter workers;
  - who issued consent for follow-up contact at their six month anniversary of being housed; and
  - whose housing status could be verified as either "remaining housed" or "no longer housed"
- Final result does not include individuals who did not issue consent for follow-up contact
- Reporting on only data that is verified provides the highest level of data integrity possible for this measure
- Data for two shelters was not included in the calculation of this measure for 2013/14 due to data transfer issues
- A plan is in place to capture this data for the 2014/15 planning period

Benchmarks

- Benchmarking internally against past performance

Comments

- This measure will no longer be reported in the Annual Report
- Results will continue to be tracked and monitored
- It appears the capacity of outreach and health-related housing support services have reached their maximum, and performance results have stabilized

Strategic Priority 3: Enhance Aboriginal Housing Partnerships

MEASURE: PROGRESSIVE ABORIGINAL RELATIONS (PAR) CERTIFICATION

Changes to Performance Targets

- No changes were made

Data Source

- Based upon an independent, third-party verification of BC Housing's initiatives and outcomes in four areas: employment, business development, community investment and community engagement

Methodology

- BC Housing submits a report to the Canadian Council for Aboriginal Business (CCAB)
- An independent verifier conducts a site visit, selects and interviews the organization's Aboriginal partners to solicit confirmation and feedback on BC Housing's business practices supporting the Aboriginal sector
- The verifier submits a report to a jury consisting of individuals who represent Aboriginal organizations and the jury assigns ratings of bronze, silver or gold based on criteria

Reliability

- The Progressive Aboriginal Relations (PAR) program was enhanced to reflect best practice in the Global Reporting Initiative framework and builds on CCAB's ten years of expertise and knowledge

Benchmarks

- Benchmarks will be conducted against other PAR-certified organizations

Comments

- CCAB's certification report serves as an opportunity to provide advice, highlight best practices as well as identify strengths, opportunities and gaps to BC Housing
- The Progressive Aboriginal Relations certificate is awarded every three years
- BC Housing will begin the recertification process in 2015

Strategic Priority 4: Help Bring About Improvements in the Quality of Residential Construction and Strengthen Consumer Protections

MEASURE: BUILDERS' RATING OF THE EFFECTIVENESS OF COMPLIANCE EFFORTS TO MONITOR AND ENFORCE LICENSING AND HOME WARRANTY INSURANCE REQUIREMENTS AND THE OWNER BUILDER EXEMPTION

Data Source

- Annual Licensed Residential Builder Survey

Methodology

- Self-administered questionnaire sent to all Licensed Residential Builders in the province
- Results calculated by an independent research firm
- Survey is available online

Reliability

- 5,080 survey packages were sent to licensed builders in 2013/14
- Response from 1,452 builders (29 per cent) in 2013/14 survey provides a confidence level of 95 per cent with a maximum margin of error of plus/minus 2.6 per cent
- Margin of error will increase as the number of respondents providing a usable response declines, thereby affecting results

Benchmarks

- Benchmarked internally against past performance
- Informal external benchmarking conducted with the Tarion Warranty Corporation in Ontario

Strategic Priority 5: Sustainability Leader

MEASURE: FACILITY CONDITION INDEX

Data Source

- Data used to calculate the Facility Condition Index (FCI) is obtained from condition assessments of building systems, subsystems and components
- The data is stored in a comprehensive asset management system, Asset Planner, with all the relevant data pertaining to projects and developments within the housing portfolio
- Currently there is data on 6,875 units of directly managed and single room occupancy (97 per cent) and 13,624 non-profit housing units (43 per cent)

Methodology

- FCI is the ratio of the repair needs to replacement value of current building components expressed in percentage terms

$$FCI = \frac{\text{Total of Building Repair/Upgrade/Renewal Needs (\$)}}{\text{Current Replacement Value of Current Building Components (\$)}}$$

Reliability

- FCI of 11 per cent for our social housing portfolio with a confidence level of 95 per cent (+/-3 per cent)
- Preliminary rating is result of validating:
  - 5,808 (81 per cent) directly managed units
  - 21,536 (37 per cent) non-profit housing units
- From the total 27,344 units , 42 per cent has been confirmed through an on-site building condition assessments
- The overall number of directly managed units validated and included in the FCI has decreased from 97 per cent to 81 per cent
- This is due to the age of the building condition data
- Data older than five years is not included in the FCI reporting as it is no longer considered reliable
- Efforts are being made to re-validate this date, so the units are included in future calculations

Benchmarks

- Informally benchmarked against FCI of other governmental social housing providers, and other governmental and private sector building asset owners
- Current industry benchmarks indicate the following subjective condition ratings of asset renewal liability: 0-5 per cent considered good condition, 5-10 per cent considered fair and 10-30 per cent considered poor
- The lower the value of FCI, the better condition a building's asset renewal liability is

Comments

- During 2012/13 a review of the FCI methodology was conducted
- An expansion of the baseline year was undertaken to improve the balance of directly managed and non-profit buildings that have been assessed
- Future targets have been adjusted as a result of available funding for building renovations, resulting in a decrease in both the number of buildings and the types of renovations
- The FCI is based on the portfolio of assets identified in the corporate unit count model
- Land value is not considered when evaluating FCI
- The overall FCI asset renewal liability (currently classified as "poor" by industry benchmarks) does not, in most cases, reflect the quality of social housing stock for tenants in directly managed and non-profit housing

Strategic Priority 5: Sustainability Leader *(continued)*

MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS

Data Source

- Greenhouse gas (GHG) emissions from energy use in housing buildings and offices owned or leased by BC Housing
- Building energy data is provided directly from utilities, compiled by an external consultant

Methodology

- GHG emissions are calculated based on energy consumption data from housing buildings and offices owned or leased by BC Housing
- Data is reported on a calendar year basis, e.g., performance for 2013/14 is based on data for the period of January 1 to December 31, 2013

Reliability

- Data compiled in accordance with legislated requirements
- For details on the province's GHG emission methodology refer to the Ministry of Environment's website: www.env.gov.bc.ca/cas/mitigation/pdfs/BC-Best-Practices-Methodology-for-Quantifying-Greenhouse-Gas-Emissions.pdf
- GHG emissions based on B.C. government's Climate Action SmartTool reporting

Benchmarks

- Measured against the 2005 baseline data

Comments

- Data has not been corrected for weather effects
- Additional factors that influenced 2013 results are:
  - BC Hydro changed GHG emission factors to reflect an increase in clean energy mix for the province in 2013. If the emission factors used for the calculation of results were the same as in the previous year our overall emission would have been significantly higher
  - The sale of Little Mountain development (37 buildings) contributed approximately an eight per cent reduction of overall emissions
  - The transfer of Rural and Native Housing to Aboriginal non-profit housing providers reduced the total emissions by about five per cent
- 2005 was chosen as the base year as it was the first year for which verifiable emissions data was available
- The original targets for the directly managed portfolio were maintained as sub-targets
- A sub-target of 25 per cent reduction in GHGs for BC Housing's directly managed portfolio was also exceeded by achieving a 32 per cent reduction in the GHGs (against the 2005 baseline)
- BC Housing also emitted 285 tonnes of CO_2e related to fleet vehicles and office paper

Strategic Priority 6: Organizational Excellence

MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS PERCENTAGE OF PROGRAM DELIVERY COSTS

Data Source

- BC Housing's audited financial statements
- Building energy data provided directly from utilities, compiled by an external consultant

Methodology

- Data from audited financial statements are expressed as a percentage of total program costs

Reliability

- Given variations in context and accounting across organizations, a year-over-year comparison within the same agency is a valid comparator

Benchmarks

- Benchmarked with other social housing organizations through an independent, third-party review in 2006
- Costs are standardized

Comments

- This measure will no longer be reported in BC Housing's Annual Report
- Results will continue to be monitored internally

MEASURE: TENANTS' RATING OF BC HOUSING'S SERVICE DELIVERY

Data Source

- Annual tenant survey

Methodology

- Questionnaire sent to BC Housing tenants by a third-party research firm with results based on a five point scale system
- Results are based on per cent of tenants who answered "very good" or "good" to the question, "How would you rate BC Housing's overall performance in meeting your housing needs?"

Reliability

- A total of 6,233 surveys were sent out, 1,473 were returned, resulting in an overall response rate of 24 per cent
- Confidence level of 95 per cent with a maximum margin of error of plus/minus three per cent
- Survey company provides analysis on specific areas where gains or improvements would be most impactful

Benchmarks

- Benchmarked internally against past performance
- Results compared informally to published results reported by housing providers in other jurisdictions

Strategic Priority 6: Organizational Excellence *(continued)*

MEASURE: TENANTS' RATING OF BC HOUSING'S SERVICE DELIVERY *(continued)*

Comments

- 2013/14 survey was redesigned with questions which focused more on performance and service delivery to our tenants such as maintenance standards, safety and security
- 2013/14 was the baseline year
- Change will allow BC Housing to focus more clearly on performance and identify areas where improvements can be made to address tenants' needs
- An Overall Service Index (OSI) was created that included safety and security, maintenance and staff performance
- BC Housing's total OSI for 2013/14 was 67 per cent
- This result is in line with tenants' rating of BC Housing's overall performance
- This measure will no longer be reported in the Annual Report
- Results will continue to be monitored internally

MEASURE: EMPLOYEE ENGAGEMENT INDEX

Data Source

- Annual staff survey

Methodology

- Self-administered online survey with the results analyzed by external research firm

Reliability

- Baseline gathered through Commission-wide survey initiated in spring 2005
- Annual survey completed each year since 2007
- The survey was sent to 643 employees, and 533 responded, achieving an 83 per cent response rate

Benchmarks

- Benchmarked with other employers through use of standard industry survey instruments

Comments

- The 10 benchmark questions are:
  - Clarity about what is expected
  - Having the right materials, tools and equipment
  - Having a good relationship with one's manager/supervisor
  - Having received positive recognition for work in the past month
  - Having the ability to use skills and talents to make a contribution
  - Having a sense of alignment with the corporate goals and objectives
  - Having clarity about how their work contributes to the broader goals and objectives
  - Having input into decisions that have personal impact
  - Having feedback on progress
  - Having access to learning opportunities
- This measure will no longer be reported in the Annual Report
- Results will continue to be monitored internally

Glossary of Terms

PROGRAM ABBREVIATIONS AND ACRONYMS AT A GLANCE

AHOP	Aboriginal Homeless Outreach Program	ILBC	Independent Living BC
AHI	Aboriginal Housing Initiative	NIMBY	Not In My Backyard
AHI	Affordable Housing Initiative	PHI	Provincial Homelessness Initiative
CPI	Community Partnership Initiatives	PRHC	Provincial Rental Housing Corporation
ESP	Emergency Shelter Program	RAP	Rental Assistance Program
EWR	Extreme Weather Response	SAFER	Shelter Aid for Elderly Renters
HAFI	Home Adaptations for Independence	SHR	Supportive Housing Registration Service
HEF	Housing Endowment Fund	SRI	SRO Renewal Initiative
HOP	Homeless Outreach Program	SRO	Single Room Occupancy Hotel
HPO	Homeowner Protection Office	SRH	Seniors' Rental Housing
IAH	Investment in Affordable Housing		

Aboriginal Homeless Outreach Program (AHOP): Homeless outreach workers directly engage homeless Aboriginal people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Aboriginal Housing Initiative (AHI): Provides funding to develop new, affordable housing for Aboriginal people living off-reserve and to meet long-term Aboriginal housing needs.

Affordable Housing: When housing costs do not exceed 30 per cent of a household's gross income, housing is considered affordable.

Affordable Housing Initiative (AHI): In December 2001, the Province of British Columbia and the Government of Canada announced the first bilateral agreement under the Canada-British Columbia Affordable Housing Agreement. Funding from this agreement created units under the *Provincial Housing Program*, the *Independent Living BC* program and the *Community Partnership Initiatives* program. The agreement was renewed in December 2004 with each partner contributing about $42 million towards the *Provincial Homelessness Initiative*. In April 2009, the Extension to the Canada-BC Affordable Housing Initiative was signed, with each partner contributing funding for the *Provincial Housing Initiative, Seniors' Rental Housing* initiative, and the *Housing Renovation Partnership*.

Assisted Living: Assisted living units are self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care. Services provided include daily meals, social and recreational opportunities, assistance with medications, mobility and other care needs, a 24-hour response system and light housekeeping.

Building Envelope: The assemblies, components and materials of a building which are intended to separate and protect the interior space of the building from the adverse effects of exterior climatic conditions.

Building Envelope Renovation: The construction work on a residential building to either repair defects in the building envelope, which allow unintended water penetration, or to repair damage caused by unintended water penetration.

Building Envelope Renovator: A residential renovator who is licensed under the *Homeowner Protection Act* to either engage in, to arrange for, or to manage all or substantially all of a building envelope renovation.

Community Partnership Initiatives (CPI): This program helps our housing partners create a range of innovative housing projects for people in need. CPI offers one-time grants, access to consulting services, and construction and long-term financing for projects that do not need ongoing operating subsidies.

Co-operative Housing: A housing development in which individual residents own a share in the co-operative. This share grants them equal access to common areas, voting rights, occupancy of an apartment or townhouse and the right to vote for board members to manage the co-operative. Each member has one vote and members work together to keep their housing well-managed and affordable.

Core Housing Need: Households in core housing need are those who currently reside in housing that is either in need of major repair, does not have enough bedrooms for the size and make-up of the household, or costs 30 per cent or more of their total income, and who are unable to rent an alternative housing unit that meets these standards without paying 30 per cent or more of their income.

Directly Managed Housing: Refers to social housing, sometimes referred to as public housing, where BC Housing is responsible for the day-to-day property management.

Emergency Shelter: Short-stay housing. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements, with varying levels of support to individuals.

Emergency Shelter Program (ESP): The program offers temporary shelter, food and other services to meet the basic nutritional and hygiene needs of people who are homeless and provides a gateway to support services that help individuals to stabilize their lives.

Extreme Weather Response (EWR): The program enables communities to temporarily increase emergency shelter capacity during extreme weather conditions that threaten the safety and health of individuals and families who are homeless. The program funds time-limited, temporary shelter beds needed during extreme weather conditions from approximately November 1st to March 31st.

Group Home: A small, community-based development, usually under 10 beds (units), that provide affordable housing with supports to those with special needs including individuals with severe mental and physical disabilities, developmental disabilities, youth, and women with their children fleeing abuse. BC Housing provides administration and property management support for group homes on behalf of other provincial ministries and health authorities.

Home Adaptations for Independence (HAFI): Provides financial assistance to help low-income seniors and people with disabilities with home adaptations so that they can continue to live in the comfort of their home.

Home Warranty Insurance and Third-Party Home Warranty Insurance: Under the *Homeowner Protection Act*, all residential builders in B.C. must be licensed and arrange for third-party home warranty insurance on proposed new homes prior to obtaining a building permit or obtaining an applicable exemption. Minimum coverage and allowable exclusions for third-party home warranty insurance are set by legislation. Home warranty insurance can only be provided by insurance companies approved by the provincial Financial Institutions Commission. Insurance brokers acting on behalf of warranty insurance providers are regulated by the Insurance Council of B.C.

The Homeowner Protection Office, a branch of BC Housing, monitors the performance of the home warranty insurance system in accordance with the Act and its regulations, but has no authority to regulate warranty providers or insurance brokers.

In geographic areas where building permits are not required for new home construction, licensing and warranty insurance must be in place prior to the commencement of construction. Owner builders who have been issued an authorization by the Homeowner Protection Office are exempt from the licensing and home warranty insurance requirements.

Homeless Outreach Program (HOP): Homeless outreach workers directly engage homeless people living on the street and provide access to housing, income assistance, and community-based support services to help break the cycle of homelessness.

Homeless Rent Supplement: Through the *Homeless Outreach Program* and the *Aboriginal Homeless Outreach Program*, outreach service providers may provide clients with a rent subsidy for housing in the private market.

Homeowner Protection Office (HPO): Operates as a branch of BC Housing and is responsible for: licensing residential builders and building envelope renovators province-wide; administering owner builder authorizations; monitoring the performance of the third-party home warranty insurance system underwritten by the private sector; and carrying out research and education that benefits the residential construction industry and consumers.

Housing Endowment Fund (HEF): The fund is a $250 million capital endowment that was established in 2007 to encourage new ideas and support innovative housing solutions. Fund has been successful and is now fully subscribed. The intent is to allocate available revenue on an ongoing basis each year.

Housing Providers: Non-profit housing societies and housing co-operatives that own and manage subsidized housing developments. This term can also include private market landlords through whom BC Housing provides rent assistance to low-income households.

Independent Living BC (ILBC): Created in 2002, this housing-for-health program serves seniors and people with disabilities who require some support, but do not need 24-hour institutional care. ILBC offers a middle option to bridge the gap between home care and residential care.

Investment in Affordable Housing (IAH): In July 2011, the Governments of Canada and British Columbia announced an *Investment in Affordable Housing* (IAH) agreement with a combined investment of $180 million for 2011-2014. In March 2014, the agreement was extended from 2014-2019 with an additional combined investment of more than $300 million. Funding from IAH is creating housing under the *Aboriginal Housing Initiative*, *Affordable Rental Housing* initiative, *Home Adaptations for Independence* program, and the *Federal-Provincial Housing initiative*. IAH is also providing funding for enhancements to the *Shelter Aid for Elderly Renters* program and *Rental Assistance Program* and rental supplements for those at risk of homelessness.

NIMBY (Not in my backyard): Community opposition to new social housing developments based upon fear, assumptions and stereotypes that some people may harbour about the individuals who will live in these developments.

Non-Profit Housing: Rental housing that is owned and operated by community-based, non-profit societies. The mandates of these societies are to provide safe, secure, affordable accommodation to households with low- to moderate-incomes. Most non-profit housing societies receive some form of financial assistance from government to enable them to offer affordable rents. Each society operates independently under the direction of a volunteer board of directors.

Operating Budget: The annual budget for a non-profit or co-operative housing development. The budget forecasts the costs of operating a development, based on income and expenses, and is used to determine the subsidy level BC Housing provides each month to run the building.

Operating Subsidy: BC Housing provides monthly subsidies to organizations to fund the costs of operating subsidized housing units. The subsidy is based on the operating costs set out in the annual budget, less the total rents/housing charges collected from tenants. Subsidy payments include rent subsidies/repayable assistance and cover the mortgage payments, building maintenance and other shelter-related costs.

Owner Builder: An individual who has been issued an owner builder authorization by the registrar of the Homeowner Protection Office to build a single-detached or self-contained dwelling unit for personal use and who is therefore exempt from the *Homeowner Protection Act*'s mandatory licensing and home warranty insurance requirements.

Provincial Homelessness Initiative (PHI): Provides funding for non-profit housing developments with support services that address homelessness in B.C. communities.

Provincial Rental Housing Corporation (PRHC): BC Housing's land holding company. Incorporated in 1973, PRHC buys, holds and disposes of provincially-owned social housing properties and leases residential properties to non-profit societies and co-ops.

Public Housing: Housing that is jointly funded by the provincial and federal governments and predominantly managed by BC Housing. Most of these developments were constructed in the 1950s and 1960s.

Rental Assistance Program (RAP): The program is for low-income, working families with at least one dependent child and a household income of less than $35,000. Cash assistance is paid directly to eligible households to assist these families in meeting monthly rent payments in the private market.

Residential Builder: A person, who engages in, arranges for or manages all, or substantially all, of the construction of a new home, and includes a developer and a general contractor. Residential builders are licensed under the *Homeowner Protection Act*.

Safe Homes: Temporary housing for women and children fleeing violence where transition homes are not available in the community. This may include private homes, hotel units or rental apartments. Stays do not usually exceed five days.

Second Stage Housing: Housing for women and children at risk of violence who have completed a stay in a transition house or safe home. Stays can be up to 18 months.

Seniors' Rental Housing (SRH): The Province is working in partnership with the federal government's contribution to develop housing units for seniors and persons with disabilities and stimulate local economies by developing new affordable rental housing in smaller communities across B.C.

Shelter Aid for Elderly Renters (SAFER): The program provides direct cash assistance to eligible residents of B.C. aged 60 or over and pay rent for their homes.

Single Room Occupancy Hotel (SRO): These hotels provide long-term accommodation in single rooms, typically without private bathrooms or kitchens.

Single Room Occupancy Renewal Initiative (SRI): The initiative uses a public-private-partnership delivery model to renovate and revitalize 13 provincially owned single room occupancy hotels in Vancouver's Downtown Eastside.

Social Housing: Includes both public housing and housing that is owned and managed by non-profit and co-operative housing providers.

Subsidized Housing: Encompasses all types of housing for which the provincial government provides a subsidy or rent assistance, including public, non-profit and co-operative housing, as well as rent assistance for people living in private market housing. It also includes emergency housing and short-term shelters.

Supportive Housing: Housing that provides ongoing supports and services to residents who cannot live independently and are not expected to become fully self-sufficient.

Supportive Housing Registration Service (SHR): With the goal to facilitate the transition from homelessness and emergency shelter use to permanent, supportive housing, SHR provides a single point of access for applicants seeking low-barrier supportive housing. The service manages the allocation of supportive housing units in the Vancouver SROs acquired by BC Housing and select City of Vancouver-owned supportive housing sites.

The Housing Registry: A centralized database of applicant information and housing provider information coordinated by BC Housing. It allows individuals to apply for housing with multiple service providers using one application form.

Transition Houses: Temporary housing for women and children fleeing violence. Transition houses provide housing, food, crisis intervention and referrals. All provincially-funded transition houses have around-the-clock staff coverage. Stays do not exceed 30 days.

Transitional Housing: Housing that is provided for a minimum of 30 days and up to two or three years, which includes the provision of on- or off-site support services to help people move towards independence and self-sufficiency.

Women's Transition Housing and Supports Program: Serves women and their dependent children fleeing violence. It includes transition houses, safe homes, second stage housing and related supports. Services are provided by community-based contractors and provide clients with housing, food, crisis intervention, and referrals.

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